FINANCIAL STATEMENTS OF THE ENTERPRISES OF THE GOUVERNEMENT DU QUÉBEC

1989-1990

Publication prepared under the authority of the Minister of Finance

Gouvernement du Québec
Ministère des Finances

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I am pleased to present this publication, which includes the financial statements of most of the Government's enterprises.

Although these financial statements are usually tabled in the National Assembly, we are grouping them together in this volume for easier consultation and analysis of the financial position and operating results of the various enterprises.

Gérard D. Levesque
Minister of Finance

Québec, February 1991

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Société générale de financement du Québec	Industry, Trade and Technology	1989-12-31	510
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AGENCE QUÉBÉCOISE DE VALORISATION INDUSTRIELLE DE LA RECHERCHE
R.S.Q., c. A-7.1

GENERAL FUND
REVENUE AND EXPENDITURE AND SURPLUS
for the year ended March 31, 1990

	1990	1989
EXPENDITURE		
Salaries and wages	$661 670	$621 505
Communications	65 017	79 550
Services	141 371	123 291
Other	221 898	180 103
	1 089 956	1 004 449
REVENUE		
Interest on deposits and other revenue	51 171	18 762
EXPENDITURE IN EXCESS OF REVENUE	1 038 785	985 687
OPERATING SUBSIDY FROM THE GOUVERNEMENT DU QUÉBEC	999 000	990 000
EXPENDITURE IN EXCESS OF REVENUE AND SUBSIDY BEFORE THE FOLLOWING ITEM	39 785	(4 313)
Reversal of a provision for business taxes from a previous year		15 000
EXPENDITURE IN EXCESS OF REVENUE AND SUBSIDY	39 785	(19 313)
OPENING SURPLUS	98 543	79 230
CLOSING SURPLUS	$58 758	$98 543

AGENCE QUÉBÉCOISE DE VALORISATION INDUSTRIELLE DE LA RECHERCHE

GENERAL FUND

CHANGES IN FINANCIAL POSITION
for the year ended March 31, 1990

	1990	1989
OPERATING ACTIVITIES		
Excess of expenditure over revenue and subsidy	($39 785)	$19 313
Item not affecting liquid assets		
Depreciation on fixed assets	19 577	21 909
Loss on disposal of fixed assets	581	
	(19 627)	41 222
Changes in assets and liabilities related to operations	(256 687)	632 795
Funds (absorbed) generated by operating activities	(276 314)	674 017
INVESTMENT ACTIVITIES		
Acquisition of fixed assets	(17 584)	
Proceeds of the disposal of fixed assets	700	8 377
Funds (absorbed) generated by investment activities	(16 884)	8 377
(DECREASE) INCREASE IN LIQUID ASSETS	(293 198)	682 394
CASH (CASH DEFICIENCY) AT THE BEGINNING	483 537	(198 857)
CASH AT THE END	$190 339	$483 537

AGENCE QUÉBÉCOISE DE VALORISATION INDUSTRIELLE DE LA RECHERCHE

GENERAL FUND

BALANCE SHEET
as at March 31, 1990

	1990	1989
ASSETS		
Cash	$190 339	483 537
Accounts receivable and accrued interest	5 103	4 916
Prepaid expenses	7 951	$15 603
	203 393	504 056
FIXED ASSETS (Note 3)	52 369	55 643
	$255 762	$559 699
LIABILITIES		
Accounts payable and accrued expenses	$140 469	$50 011
Owed to the grant fund	56 535	411 145
	197 004	461 156
SURPLUS	58 758	98 543
	$255 762	$559 699

COMMITMENTS (Note 6)

On behalf of the Board of Directors,

Roger A. Blais
Claude Richard

AGENCE QUÉBÉCOISE DE VALORISATION INDUSTRIELLE DE LA RECHERCHE

GRANT FUND

REVENUE AND EXPENDITURE AND SURPLUS
for the year ended March 31, 1990

	1990	1989
REVENUE		
Royalties earned on financial assistance to promoters		
Royalties cashed	$774 247	$363 192
Less refunds on assistance granted:		
downpayment on principal	492 357	238 050
settlement of interest	281 890	125 142
Interest on loans with royalties -- marketed projects	743 726	686 391
	743 726	686 391
Interest		
on deposits	1 479 025	979 426
on short-term loans to promoters	1 500	8 708
	1 480 525	988 134
	2 224 251	1 674 525
EXPENDITURE		
Financial assistance to promoters written off	3 286 508	1 849 233
Short-term loans to promoters written off	113 502	
Accrued interest written off	116 820	
	3 516 830	1 849 233
Less: recovery of loans written off	35 672	16 222
	3 481 158	1 833 011
Other	36 924	12 138
	3 518 082	1 845 149
EXPENDITURE IN EXCESS OF REVENUE	1 293 831	170 624
OPENING SURPLUS	1 851 652	2 022 276
CLOSING SURPLUS	$557 821	$1 851 652

AGENCE QUÉBÉCOISE DE VALORISATION INDUSTRIELLE DE LA RECHERCHE

GRANT FUND

CHANGES IN FINANCIAL POSITION
for the year ended March 31, 1990

	1990	1989
OPERATING ACTIVITIES		
Excess of expenditure over revenue	($1 293 831)	($170 624)
Items not affecting liquid assets		
Capitalized interest	(424 050)	(406 243)
Financial assistance to promoters written off	3 286 508	1 849 233
	1 568 627	1 272 366
Changes in assets and liabilities related to operations	311 450	(537 034)
Funds generated by operating activities	1 880 077	735 332
FINANCING ACTIVITIES		
Funds generated by financing activities		
Advances from the Gouvernement du Québec		4 000 000
INVESTMENT ACTIVITIES		
Financial assistance to promoters	(3 294 655)	(4 889 704)
Financial assistance recovered from promoters	492 357	238 050
Funds absorbed by investment activities	(2 802 298)	(4 651 654)
(DECREASE) INCREASE IN LIQUID ASSETS	(922 221)	83 678
OPENING LIQUID ASSETS	12 270 009	12 186 331
CLOSING LIQUID ASSETS	$11 347 788	$12 270 009

Liquid assets include cash and term deposits.

AGENCE QUÉBÉCOISE DE VALORISATION INDUSTRIELLE DE LA RECHERCHE

GRANT FUND

BALANCE SHEET
as at March 31, 1990

	1990	1989
ASSETS		
Cash	$1 642 598	$5 409 729
Term deposits -- at cost (Note 7)	9 705 190	6 860 280
Accounts receivable and accrued interest	399 973	424 800
Short-term loans to promoters	164 586	96 599
Owed by the operating fund	56 535	411 145
	11 968 882	13 202 553
Financial assistance to promoters (Note 4)	18 588 939	18 649 099
	$30 557 821	$31 851 652
LIABILITIES		
Advances from the Gouvernement du Québec (Note 5)	$30 000 000	$30 000 000
SURPLUS	557 821	1 851 652
	$30 557 821	$31 851 652

COMMITMENTS (Note 6)

CONTINGENT LIABILITIES (Note 7)

On behalf of the Board of Directors,

Roger A. Blais
Claude Richard

AGENCE QUÉBÉCOISE DE VALORISATION INDUSTRIELLE DE LA RECHERCHE

ADDITIONAL INFORMATION
GENERAL FUND
EXPENDITURE BY CATEGORY
for the year ended March 31, 1990

	1990	1989
REMUNERATION		
Salaries and wages	$556 265	$534 369
Lending of personnel	105 405	87 136
	$661 670	$621 505
COMMUNICATIONS		
Travelling and entertainment	$31 095	$31 027
Postage and courier	6 390	8 161
Telephone	9 658	16 602
Advertising	17 874	23 760
	$65 017	$79 550
SERVICES		
Professionnal fees		
Project analysis	$75 072	$44 034
Management and administration	22 014	15 918
Legal		6 058
	97 086	66 010
Promotion and exhibits	37 137	54 444
Directors' fees	7 148	2 837
	$141 371	$123 291
OTHER		
Rent and leasehold improvements	$88 676	$88 098
Equipment rental	7 225	5 896
Maintenance	5 919	6 275
Office supplies	17 922	10 470
Interest and bank charges	56 849	28 918
Business taxes	17 878	17 393
Depreciation on fixed assets	19 577	21 909
Other	7 852	1 144
	$221 898	$180 103

NOTES TO FINANCIAL STATEMENTS
March 31, 1990

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1. Constitution and purpose

The Agence québécoise de valorisation industrielle de la recherche is a corporation founded under a special Act (R.S.Q., c. A-7.1). The purpose of the Agence is to promote technological innovation and contribute to the commercial and industrial application of research results in areas likely to have economic spin-offs for Québec. To such end, it fosters concerted action on the part of industry and the research community.

The Agence may give financial assistance in the form of subsidies, loans, advances with or without interest, guarantees or a share in enterprises. Its assistance may take any other form authorized by the Government.

2. Accounting policies

The financial statements of the Agence were prepared by management on the accrual basis in accordance with the accounting policies as disclosed hereunder. These statements include amounts based on best judgment and estimates.

Fixed assets

Fixed assets are recorded at cost and depreciated by the following methods at the following rates:

	Method	Rate
Furniture and equipment	Diminishing balance	20 %
Data processing equipment	Diminishing balance	30 %
Automobile	Diminishing balance	30 %
Leasehold improvements	Straight-line	20 %

Financial assistance to promoters

Financial assistance offered to promoters is recorded as an asset in the grant fund and covers expenditures determined as eligible by regulation. It bears no interest during the research and development period.

If a project results in a new or improved product or service which is marketed, the financial assistance is increased by an amount equal to interest compounded annually at the variable rate provided by regulation and is refundable in full to the Agence through a royalty on gross sales of the products, services or processes resulting from the project.

No provision for losses is recorded on research and development projects or on marketed projects although some of these projects will not give rise to new or improved products or services which can be marketed for profit. Nevertheless, whenever the Agence is certain that a portion of the financial assistance provided is non-recoverable, it is written off and recorded as an expenditure of the grant fund.

Royalties

Royalties from promoters for financial assistance are recorded when cashed.

Pension plan

The employer's contribution to the Government and Public Employees Retirement Plan (RREGOP) is assumed by the Gouvernement du Québec and is not included in the statement of revenue and expenditure and surplus of the general fund.

3. Fixed assets

	1990			1989
	Cost	Accumulated depreciation	Net	Net
Furniture and equipement	$103 741	$75 869	$27 872	$33 456
Data processing equipment	92 364	70 999	21 365	15 923
Leasehold improvements	15 660	12 528	3 132	6 264
	$211 765	$159 396	$52 369	$55 643

4. Financial assistance to promoters

Changes in financial assistance to promoters during the year

	1990	1989
Opening balance	$18 649 099	$15 440 435
Royalties used as downpayment on the principal of assistance granted	(492 357)	(238 050)
Financial assistance granted	3 294 655	4 889 704
Capitalized interest	424 050	406 243
Financial assistance written off	(3 286 508)	(1 849 233)
Closing balance	$18 588 939	$18 649 099

	1990	1989
The balance breaks down as follows:		
Marketed projects:		
Loans with royalties	$11 148 420	$11 722 492
Grants with royalties	61 929	62 187
Shares in enterprises	124 000	149 000
	11 334 349	11 933 679
Research and development projects:		
Loans with royalties	7 254 590	6 715 420
	$18 588 939	$18 649 099

5. Advances from the Gouvernement du Québec

These advances do not bear interest and are repayable annually depending on the availability of grant fund revenue and at the Government's request.

6. Commitments

Assistance to be paid on approved projects

In addition to the financial assistance paid to promoters at March 31, 1990, there were agreements signed with promoters totalling $16 397 357 (1989: $11 466 269) for projects approved by the Board of Directors at that date.

6. Commitments (cont'd)

Lease

The Agence is bound by a long-term lease expiring in October 1991 for administrative premises.

Rent for the year ended March 31, 1990 on these administrative premises amounts to $88 676. Minimum future payments are as follows:

1991	$80 997
1992	47 248
	$128 245

7. Contingent liabilities

At March 31, 1990, the Agence guaranteed bank loans and letters of credit totalling $1 505 771 (1989: $1 659 228) extended to certain promoters. No provision for losses arising from these bank guarantees has been recorded. A term deposit in the amount of $2 000 000 has been earmarked for the eventual fulfilment of such guarantees. Any disbursements by the Agence against those guarantees will be charged to grant fund operations for the then current year.

As of March 28, 1990, the Agence no longer has the authorization to offer this type of assistance.

AUDITOR'S REPORT

I have examined the balance sheets of the general fund and the grant fund of the Agence québécoise de valorisation industrielle de la recherche as at March 31, 1990 as well as the statements of revenue and expenditure and surplus and the statements of changes in financial position of these funds for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Agence as at March 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies disclosed in Note 2 applied on a basis consistent with that of the preceding year.

The Auditor General of Québec,
Rhéal Chatelain, F.C.A.

Québec, June 20, 1990

BIBLIOTHÈQUE NATIONALE DU QUÉBEC
S.Q., 1988, c. 42

GENERAL FUND
REVENUE AND EXPENDITURE AND FUND BALANCE
for the year ended March 31, 1990

REVENUE	
Interest on bank deposits	$357 740
Sale of goods and services	68 587
Subsidy for employment from the Gouvernement du Québec	25 000
	451 327
EXPENDITURE	
Salaries and wages	5 005 009
Rent	1 600 575
Publications, books and collections	480 291
Transportation and communication	266 252
Professional, administrative and other services	557 222
Maintenance and repairs	105 903
Materials and supplies	196 703
Acquisition of fixed assets	208 511
Hosting and promotion	76 937
Other	9 093
	8 506 496
EXPENDITURE IN EXCESS OF REVENUE	8 055 169
SUBSIDY FROM THE GOUVERNEMENT DU QUÉBEC	8 385 700
SUBSIDY AND REVENUE IN EXCESS OF EXPENDITURE AND FUND BALANCE AS AT MARCH 31, 1990	$330 531

BIBLIOTHÈQUE NATIONALE DU QUÉBEC

GENERAL FUND
BALANCE SHEET
as at March 31, 1990

ASSETS	
CURRENT ASSETS	
Cash	$898 660
Accounts receivable and accrued interest	105 663
Prepaid expenses	23 472
	$1 027 795
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable and accrued expenses	$697 264
FUND BALANCE	330 531
	$1 027 795

On behalf of the Board of Directors,

Philippe Sauvageau
André Rousseau

BIBLIOTHÈQUE NATIONALE DU QUÉBEC

CAPITAL ASSETS FUND
FUND BALANCE
for the year ended March 31, 1990

Furniture and equipment received free of charge from the Gouvernement du Québec	$1
Fixed asset purchases assumed by the general fund	208 511
FUND BALANCE AS AT MARCH 31, 1990	$208 512

BALANCE SHEET
as at March 31, 1990

ASSETS	
Furniture and fixtures	$30 853
Equipment	160 055
Automotive equipment	17 604
	$208 512
FUND BALANCE	$208 512

On behalf of the Board of Directors,

Philippe Sauvageau
André Rousseau

NOTES TO FINANCIAL STATEMENTS
March 31, 1990

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1. Constitution and purpose

The Bibliothèque nationale du Québec was constituted under a special Act (1988, chapter 42) assented to November 10, 1988 and coming into force April 1, 1989.

The functions of the Bibliothèque are to assemble, preserve and disseminate the Québec published documentary heritage and any related document presenting a cultural interest, as well as documents relating to Québec that are published outside Québec.

The Bibliothèque nationale du Québec is substituted by operation of law for the Bibliothèque nationale du Québec division at the Ministère des Affaires culturelles, and for the chief librarian, in any regulation, by-law, order in council, order, directive, contract or other document where such division or the chief librarian is mentioned.

The Bibliothèque began its activities on April 1, 1989.

2. Accounting policies

The financial statements of the Bibliothèque were prepared by management on the accrual basis and in accordance with the accounting policies disclosed hereunder. These statements include amounts based on best judgment and estimates.

Fixed assets

Acquisition and disposal of fixed assets is charged to the general fund operations for the year. On the other hand, fixed assets are presented in the capital assets fund and are not depreciated.

Fixed assets transferred by the Gouvernement du Québec upon constitution of the Bibliothèque are recorded at the nominal value of $1.

Subsequent acquisitions are recorded at cost.

Pension plan

The employer contribution to the Government and Public Employees Retirement Plan (RREGOP) and to the Civil Service Superannuation Plan (CSSP) is assumed by the Gouvernement du Québec and is thus not presented in the statement of revenue and expenditure and fund balance of the general fund.

AUDITOR'S REPORT

I have examined the balance sheets of the general fund and the capital assets fund of the Bibliothèque nationale du Québec as at March 31, 1990 as well as the statement of revenue and expenditure and fund balance of the general fund and the statement of fund balance of the capital assets fund for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Bibliotèque as at March 31, 1990 and the results of its operations for the year then ended in accordance with the accounting policies disclosed in Note 2.

The Auditor General of Québec,
Rhéal Chatelain, F.C.A.

Québec, June 29, 1990

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC
R.S.Q., c. C-2

COMBINED STATEMENT OF INCOME
for the year ended December 31, 1989
(in millions of dollars)

	1989	1988
INCOME		
INVESTMENT INCOME		
Interest on bonds	1 820	1 679
Dividends, interest on convertible securities	402	387
Interest on mortgages	203	188
Income from real estate investments	77	36
Interest on short-term investments -- net	296	211
	2 798	2 501
GAINS AND LOSSES ON SALE OF INVESTMENTS		
Bonds	208	42
Shares and convertible securities	592	108
Other investments	(2)	(2)
	798	148
OTHER INCOME	1	1
	3 597	2 650
EXPENDITURE		
Administrative expenses (Note 8)	20	17
NET DEPOSITORS' INCOME	3 577	2 633
Interest on demand and term deposits -- net	40	18
NET INCOME ALLOCATED TO PARTICIPATION DEPOSIT HOLDERS	3 537	2 615

COMBINED STATEMENT OF CHANGES IN NET ASSETS
for the year ended December 31, 1989
(in millions of dollars)

	1989	1988
NET ASSETS, BEGINNING OF YEAR	29 885	27 344
Net depositors' income	3 577	2 633
Excess depositors' withdrawals over deposits	(121)	(92)
Increase in net assets for the year *	3 456	2 541
NET ASSETS, END OF YEAR	33 341	29 885
* Increase in net assets for the year		
Investments		
Bonds	800	649
Shares and convertible securities	1 673	820
Mortgages	165	89
Real estate investments	967	165
Short-term investments	465	862
	4 070	2 585
Other assets and liabilities	(614)	(44)
	3 456	2 541

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

COMBINED BALANCE SHEET
as at December 31, 1989
(in millions of dollars)

	1989	1988
ASSETS		
INVESTMENTS (Notes 3 and 4)		
Bonds	17 076	16 276
Shares and convertible securities (Note 5)	10 455	8 782
Mortgages	1 968	1 803
Real estate investments (Note 6)	1 618	651
Short-term investments	2 500	2 035
	33 617	29 547
INVESTMENT INCOME, ACCRUED AND RECEIVABLE	533	490
OTHER ASSETS	22	22
	34 172	30 059
LIABILITIES		
Deposits under agreements to repurchase	626	
Mortgage loans payable	125	106
Other liabilities	80	68
	831	174
DEPOSITORS' HOLDINGS (Note 7)		
General Fund	18 823	17 664
Individual Funds	14 518	12 221
	33 341	29 885
	34 172	30 059

On behalf of the Board of Directors,

Jean Campeau
Claude Legault

NOTES TO FINANCIAL STATEMENTS
December 31, 1989
(in millions of dollars)

1. Constitution and operations

The Caisse de dépôt et placement du Québec is a corporation within the meaning of the Civil Code, created by a special Act (R.S.Q., c. C-2 and amendment). It receives funds, the deposit of which is provided for under a particular Act.

GENERAL FUND

The General Fund is a pooled fund for demand, term and participation deposits. The General Fund's net assets as at December 31 were shared among participation deposit holders as follows:

	1989		1988	
	Number of units	%	Number of units	%
Régie des rentes du Québec	17 715 830	75,0	16 983 163	76,0
Régie de l'assurance automobile du Québec	5 870 360	24,9	5 338 735	23,9
Fonds d'assurance-prêts agricoles et forestiers	12 871	0,1	12 871	0,1
Régie des marchés agricoles du Québec	2 315			
	23 601 376	100,0	22 334 769	100,0

INDIVIDUAL FUNDS

The Individual Funds each have only one depositor who exclusively makes participation deposits therein. The various Individual Funds are:

Fund 301

For the Government and Public Employees Retirement Plan -- contributions from unionized employees -- administered by the Commission administrative des régimes de retraite et d'assurances.

Fund 302

For the Government and Public Employees Retirement Plan -- contributions from non-unionized employees, contributions from employers and transfers from supplemental pension plans -- administered by the Commission administrative des régimes de retraite et d'assurances.

Fund 303

For the Individual Plans, administered by the Commission administrative des régimes de retraite et d'assurances.

Fund 304

For the General Retirement Plan for Mayors and Councillors of Municipalities, administered by the Commission administrative des régimes de retraite et d'assurances.

Fund 311

For the Supplemental Pension Plan for Employees of the Québec Construction Industry -- active participants -- administered by the Commission de la construction du Québec.

Fund 312

For the Supplemental Pension Plan for Employees of the Québec Construction Industry -- retired participants -- administered by the Commission de la construction du Québec.

NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31, 1989
(in millions of dollars)

1. Constitution and operations (cont'd)

Fund 313

For the Supplemental Pension Plan for Employees of the Québec Construction Industry -- additional contributions -- administered by the Commission de la construction du Québec.

Fund 330

For the Commission de la santé et de la sécurité du travail.

SPECIFIC PORTFOLIOS

All Funds can subscribe participation units of specific portfolios which are pooled funds grouping investments of the same category. As at December 31, 1989, two specific portfolios were in operation, one for real estate investments and another, since June 1, 1989, for foreign equity investments. The net equity and net income of these portfolios as at December 31 were distributed as follows:

Specific real estate investments portfolio

	1989		1988	
	Number of units	%	Number of units	%
General Fund	803 080	55,2	341 222	55,2
Individual Fund 301	303 196	20,8	126 718	20,5
Individual Fund 302	63 784	4,4	26 639	4,3
Individual Fund 303	1 484	0,1	976	0,2
Individual Fund 304	1 048	0,1	792	0,1
Individual Fund 311	107 705	7,4	45 427	7,4
Individual Fund 312	35 133	2,4	12 028	1,9
Individual Fund 313	8 955	0,6	2 436	0,4
Individual Fund 330	130 986	9,0	61 660	10,0
	1 455 371	100,0	617 898	100,0

Specific foreign equity investments portfolio

	December 31, 1989		June 1, 1989	
	Number of units	%	Number of units	%
General Fund	1 160 549	56,4	1 007 594	63,0
Individual Fund 301	442 552	21,5	317 582	19,8
Individual Fund 302	92 459	4,5	72 771	4,5
Individual Fund 303	2 172	0,1	1 165	0,1
Individual Fund 304	1 438	0,1	289	
Individual Fund 311	114 759	5,5	51 313	3,2
Individual Fund 312	36 528	1,8	18 462	1,2
Individual Fund 313	7 683	0,4	2 286	0,1
Individual Fund 330	200 239	9,7	128 792	8,1
	2 058 379	100,0	1 600 254	100,0

2. Accounting policies

The combined financial statements of the Caisse have been prepared by Management on the accrual basis and according to the accounting policies disclosed below. These statements include amounts based on best judgement and estimates.

Combined financial statements

The combined financial statements of the Caisse comprise the accounts of the General Fund and those of the Individual Funds, as well as those of the specific real estate and foreign equity investments portfolios. The accounts of each of these Funds and portfolios are reflected in separate financial statements audited by the Auditor General of Québec.

Investments

Investments in bonds, mortgages, buildings and short-term investments are carried at amortized cost. Shares, land and convertible securities are carried at cost. However, purchases and sales of investments between the Caisse's various Funds, which have been suspended since September 30, 1989, are made according to the market price. Residual investments held as at December 31 as a result of these interfund transactions are recorded in the combined balance sheet according to the market price on the transaction date.

Recording of transactions

Purchases and sales of investments are recorded as at the settlement date, except for transactions involving shares and convertible securities which have been recorded as at the commitment date since October 1, 1988.

Dividend income

Dividend income is accounted for on the record date.

Interest on short-term investments -- net

This item includes interest earned on short-term investments and interest expenses on loans.

Fixed assets

Material and equipment purchases are charged to administrative expenses, except those costs related to the purchase of telephone, computer and office automation equipment, which have been capitalized since January 1, 1984 and depreciated over their estimated useful lives. Set-up costs for the premises and other leasehold improvement costs are amortized over the lease term.

Foreign currency translation

Current assets and liabilities in foreign currencies are translated into Canadian dollars at the exchange rate prevailing on the balance sheet date. Long-term investments are translated at the rates in effect on the date of each transaction or at the value determined by forward exchange contracts. Income is translated at the average rate prevailing each period.

Administrative expenses

Administrative expenses are paid out of the General Fund and charged to the various Funds in proportion to the realizable value of their assets.

NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31, 1989
(in millions of dollars)

3. Investments -- at realizable value

	1989	1988
Bonds	17 279	16 249
Shares and convertible securities	13 362	10 430
Mortgages	1 948	1 773
Real estate investments	1 849	801
Short-term investments	2 500	2 033
	36 938	31 286

4. Investments -- foreign securities

	1989		1988	
	At book value	At realizable value	At book value	At realizable value
Bonds	1 774	1 756	1 442	1 431
Shares	2 780	3 018	1 366	1 429
Short-term investments	592	592	388	387
	5 146	5 366	3 196	3 247

The foreign exchange position for bonds and short-term investments, excluding transactions under agreements to repurchase, is hedged by forward exchange contracts while that for equity investments has been only partially hedged since July 1, 1989. The net maturity value of forward exchange contracts was $3 282 million as at December 31, 1989 (1988, $1 847 million).

5. Shares and convertible securities

	1989	1988
Shares and convertible securities held directly by the Funds	8 648	8 782
Shares held through the specific foreign equity investments portfolio	1 987	
	10 455	8 782

6. Real estate investments

	1989	1988
Land and buildings		
Held directly by the Funds	2	2
Held through the specific real estate investments portfolio	796	649
	798	651
Real estate loan held through the specific real estate investments portfolio *	820	
	1 618	651

* Loan granted on August 22, 1989 following an agreement between the Caisse and Corporation d'acquisition Socanav-Caisse Inc. to acquire the entire share capital of Steinberg Inc. This agreement provides that in exchange, Ivanhoe Inc., a wholly-owned subsidiary of Steinberg Inc. with sizeable real estate holdings, shall be transferred to the Caisse according to the conditions set forth therein.

NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31, 1989
(in millions of dollars)

7. Depositors' holdings

Demand and term deposits constitute the Caisse's indebtedness toward the depositors and bear interest.

Participation deposits are expressed in units and each unit gives its holder a proportionate share in the net equity and net income of a particular Fund. At the end of the fiscal period of a Fund, the net income is distributed to participation deposit holders. At the beginning of the following period, this net income is paid out to the depositors' demand deposit accounts. The fiscal period of the General Fund is one month and that of the other Funds is three months.

	1989	1988
Indebtedness toward depositors		
Demand deposits	114	105
Term deposits	66	
Interest on demand and term deposits	4	2
Net income to be paid out	567	472
	751	579
Participation deposit holders' holdings		
Participation deposits		
Balance, beginning of year	29 306	26 611
Units issued	3 287	2 726
Units cancelled	(3)	(31)
Balance, end of year	32 590	29 306
	33 341	29 885

8. Administrative expenses

	1989	1988
Salaries and employee benefits	11,9	10,4
Professional fees	1,3	1,1
Premises and materials	3,3	3,1
Depreciation of fixed assets	0,7	0,7
Other	2,6	2,2
	19,8	17,5

9. Comparative figures

Certain 1988 figures have been reclassified to conform with those of the 1989 presentation.

CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

SUPPLEMENTARY INFORMATION
SUMMARY FINANCIAL STATEMENTS FOR THE FUNDS
BALANCE SHEET
as at December 31, 1989
(in millions of dollars)

	GENERAL FUND	
	1989	1988
ASSETS		
Investments		
Bonds	10 771,3	10 599,3
Shares and convertible securities	5 182,5	4 528,4
Mortgages	656,5	644,6
Real estate investments	844,7	288,1
Short-term investments	1 584,0	1 388,9
Demand deposits with the General Fund		
	19 039,0	17 449,3
Investment income, accrued and receivable	307,6	300,1
Other assets	2,1	4,5
	19 348,7	17 753,9
LIABILITIES		
Demand deposits	181,0	190,1
Term deposits	65,5	
Income to be paid out to depositors	180,2	173,3
Deposits under agreements to repurchase	449,1	
Other liabilities	9,3	4,2
	885,1	367,6
PARTICIPATION DEPOSIT HOLDERS' HOLDINGS	18 463,6	17 386,3
	19 348,7	17 753,9

STATEMENT OF INCOME
for the year ended December 31, 1989
(in millions of dollars)

	1989	1988
INCOME		
Investment income		
Interest on bonds	1 168,3	1 138,4
Dividends, interest on convertible securities	207,8	201,3
Interest on mortgages	70,4	65,9
Income from real estate investments	42,1	23,6
Interest on short-term investments -- net	180,9	134,3
Interest on deposits in the General Fund		
	1 669,5	1 563,5
Gains and losses on sale of investments	417,3	62,9
Other income	0,4	0,5
Total income	2 087,2	1 626,9
EXPENDITURE		
Administrative expenses	11,0	10,1
Interest on demand and term deposits -- net	49,0	24,6
NET INCOME	2 027,2	1 592,2

INDIVIDUAL FUNDS									
301	302	303	304	311	312	313	330	Total 1989	Total 1988
3 182,6	662,2	11,2	10,1	446,9	142,1	54,4	1 733,7	6 243,2	5 621,2
2 886,3	549,5	9,6	7,2	604,9	195,9	23,2	935,5	5 212,1	4 213,8
322,3	74,0	4,9	2,4	567,2	166,4	46,5	148,8	1 332,5	1 198,2
345,4	72,3	1,7	1,2	123,6	41,9	10,5	148,3	744,9	292,6
288,2	139,9	6,4	2,6	105,5	50,4	12,6	331,9	937,5	645,0
6,1		0,7	0,4	6,5	6,2	1,9	0,2	22,0	61,6
7 030,9	1 497,9	34,5	23,9	1 854,6	602,9	149,1	3 298,4	14 492,2	12 032,4
107,8	22,8	0,4	0,3	22,9	7,2	2,1	51,8	215,3	195,9
0,1								0,1	
7 138,8	1 520,7	34,9	24,2	1 877,5	610,1	151,2	3 350,2	14 707,6	12 228,3

195,2	42,1	1,0	0,7	49,7	15,9	3,6	83,9	392,1	301,0
68,9	26,5	0,7	0,5	15,8	6,6	0,7	57,0	176,7	
4,7	2,5			1,4	1,6	0,8	1,7	12,7	7,4
268,8	71,1	1,7	1,2	66,9	24,1	5,1	142,6	581,5	308,4
6 870,0	1 449,6	33,2	23,0	1 810,6	586,0	146,1	3 207,6	14 126,1	11 919,9
7 138,8	1 520,7	34,9	24,2	1 877,5	610,1	151,2	3 350,2	14 707,6	12 228,3

333,1	70,6	1,4	1,1	45,8	16,4	4,0	173,5	645,9	533,7
111,1	21,4	0,3	0,2	20,7	6,8	0,6	32,3	193,4	185,6
35,1	7,4	0,4	0,2	57,5	18,4	3,3	15,0	137,3	125,7
15,8	3,4	0,1	0,1	5,8	1,8	0,5	7,5	35,0	17,5
36,6	13,8	0,6	0,3	23,6	6,8	3,2	29,2	114,1	77,1
4,9	1,2	0,1	0,1	1,6	0,6	0,3	2,5	11,3	4,8
536,6	117,8	2,9	2,0	155,0	50,8	11,9	260,0	1 137,0	944,4
209,5	42,3	0,9	0,6	42,1	11,9	1,1	72,7	381,1	84,9
0,1				0,1		0,1	0,1	0,4	0,6
746,2	160,1	3,8	2,6	197,2	62,7	13,1	332,8	1 518,5	1 029,9
4,4	0,9			1,2	0,4	0,1	1,8	8,8	7,4
741,8	159,2	3,8	2,6	196,0	62,3	13,0	331,0	1 509,7	1 022,5

REALIZABLE VALUE OF INVESTMENTS
as at December 31, 1989
(in millions of dollars)

	GENERAL FUND	
	1989	1988
Bonds	10 870,0	10 546,0
Shares and convertible securities	6 776,8	5 461,1
Mortgages	650,2	632,5
Real estate investments	1 012,6	408,6
Short-term investments	1 584,2	1 387,6
Demand deposits in the General Fund		
	20 893,8	18 435,8

INDIVIDUAL FUNDS									
301	302	303	304	311	312	313	330	Total 1989	Total 1988
3 246,0	676,2	11,5	10,4	451,8	143,7	54,5	1 753,3	6 347,4	5 646,7
3 660,0	687,2	10,9	8,1	745,1	240,3	25,4	1 132,0	6 509,0	4 919,1
317,7	72,9	5,0	2,5	561,5	166,7	45,8	146,9	1 319,0	1 180,7
382,4	80,4	1,8	1,3	135,8	45,6	11,3	165,1	823,7	332,6
288,2	139,9	6,4	2,6	105,5	50,4	12,6	331,9	937,5	644,2
6,1		0,7	0,4	6,5	6,2	1,9	0,2	22,0	61,6
7 900,4	1 656,6	36,3	25,3	2 006,2	652,9	151,5	3 529,4	15 958,6	12 784,9

AUDITOR'S REPORT

I have examined the combined balance sheet of the funds of the Caisse de dépôt et placement du Québec as at December 31, 1989 as well as the combined statement of income and the combined statement of changes in net assets for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these combined financial statements present fairly the financial position of these funds as at December 31, 1989 and the results of their operations and the changes in their net assets for the year then ended in accordance with the accounting policies disclosed in Note 2 applied on a basis consistent with that of the preceding year.

The Auditor General of Québec,
Rhéal Chatelain, F.C.A

Québec, February 23, 1990

CENTRE DE RECHERCHE INDUSTRIELLE DU QUÉBEC
R.S.Q., c. C-8

REVENUE AND EXPENDITURE
for the year ended March 31, 1990

	1990	1989 (Note 3)
REVENUE		
Projects billed	$11 643 181	$11 167 826
Interest on bank deposits	1 748 160	1 213 011
Other	63 870	70 795
	13 455 211	12 451 632
EXPENDITURE (Note 4)		
General administration	377 512	312 893
Secretariat	323 421	316 479
Control and finances	2 028 612	2 064 058
Promotion and international affairs	501 969	465 341
Personnel and communications	1 805 972	1 585 763
Corporate development and marketing	3 306 667	2 942 227
Industrial and technological information	3 466 542	2 997 777
Research and development	14 880 661	13 845 207
External projects	2 761 917	2 930 453
Interest on bank loan	10 715	3 363
Interest on long-term debt	397 763	426 740
	29 861 751	27 890 301
Depreciation on fixed assets	2 505 462	2 380 073
Loss on disposal of fixed assets	15 580	13 143
	32 382 793	30 283 517
EXPENDITURE IN EXCESS OF REVENUE	18 927 582	17 831 885
Contribution from the Gouvernement du Québec (Note 5)	18 697 813	17 926 740
EXPENDITURE IN EXCESS OF REVENUE AND CONTRIBUTION	$229 769	($94 855)

SURPLUS
for the year ended March 31, 1990

	1990	1989
OPENING BALANCE		
Previously stated	$26 743 268	$27 075 153
Adjustment: Accounting change for the contribution from the Gouvernement du Québec (Note 3)	426 740	
Adjusted balance	27 170 008	27 075 153
EXPENDITURE IN EXCESS OF REVENUE AND CONTRIBUTION	229 769	(94 855)
CLOSING BALANCE	$26 940 239	$27 170 008

CENTRE DE RECHERCHE INDUSTRIELLE DU QUÉBEC

STATEMENT OF CHANGES IN FINANCIAL POSITION
for the year ended March 31, 1990

	1990	1989
OPERATING ACTIVITIES		
Expenditure in excess of revenue and contribution	($229 769)	$94 855
Items not affecting liquid assets		
Depreciation on fixed assets	2 505 462	2 380 073
Loss on disposal of fixed assets	15 580	13 143
Deferred charges written off	482 759	372 914
	2 774 032	2 860 985
Changes in assets and liabilities related to operations	1 148 311	(551 115)
Funds generated by operating activities	3 922 343	2 309 870
FINANCING ACTIVITIES		
Long-term debt		5 000 000
Instalment on long-term debt	(1 000 000)	
Contributed surplus from the Gouvernement du Québec	1 000 000	
Funds generated by financing activities		5 000 000
INVESTMENT ACTIVITIES		
Planned equipment purchases:		
Deposit on equipment purchases	(374 843)	(335 065)
Contribution by AMC	143 559	743 325
Acquisition of fixed assets	(3 616 859)	(1 347 894)
Subsidy for fixed assets from the Gouvernement du Québec	1 320 886	
Loans to employees:		
Disbursements	(258 350)	
Receipts	27 354	
Proceeds of disposal of fixed assets	42 078	27 200
Funds absorbed by investment activities	(2 716 175)	(912 434)
INCREASE IN LIQUID ASSETS	1 206 168	6 397 436
OPENING LIQUID ASSETS	6 596 399	198 963
CLOSING LIQUID ASSETS	$7 802 567	$6 596 399

The Centre's liquid assets consist of cash and term deposits.

CENTRE DE RECHERCHE INDUSTRIELLE DU QUÉBEC

BALANCE SHEET
as at March 31, 1990

	1990	1989
		(Note 3)
ASSETS		
CURRENT ASSETS		
Cash	$2 567	$1 096 399
Term deposits -- at cost	7 800 000	5 500 000
Accounts receivable (Note 6)	2 989 172	3 206 229
Contribution receivable from an associate	113 095	80 540
Loans to employees (Note 7)	109 096	
Accrued subsidy from the Gouvernement du Québec	150 753	426 740
Work in progress	1 603 771	999 843
Prepaid expenses	501 064	455 838
	13 269 518	11 765 589
LOANS TO EMPLOYEES (Note 7)	121 900	
DEPOSIT ON EQUIPMENT PURCHASES (Note 8)	33 359	400 000
FIXED ASSETS (Note 9)	22 470 030	21 867 601
DEFERRED CHARGES	288 447	783 876
	$36 183 254	$34 817 066
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$2 851 030	$1 952 893
Deposits and advances:		
Work in progress	444 237	351 230
Other	643 542	342 935
Deferred subsidy for fixed assets	304 206	
Instalment on long-term debt (Note 10)	1 000 000	1 000 000
	5 243 015	3 647 058
LONG-TERM DEBT (Note 10)	3 000 000	4 000 000
EQUITY		
Surplus	26 940 239	27 170 008
Contributed surplus from the Gouvernement du Québec (Note 5)	1 000 000	
	27 940 239	27 170 008
	$36 183 254	$34 817 066

CONTINGENT LIABILITY (Note 11)

On behalf of the Board of Directors,

Pierre Coulombe
Guy Bertrand, Eng.

NOTES TO FINANCIAL STATEMENTS
March 31, 1990

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1. Constitution and purpose

Incorporated under a special Act (R.S.Q., c. C-8), the Centre is a corporation within the meaning of the Civil Code and is charged with carrying out applied science research, developing processes, products and industrial equipment as well as gathering and disseminating technological and industrial information.

2. Accounting policies

The financial statements of the Centre were prepared by management in accordance with generally accepted accounting principles. These statements include amounts based on best estimates and judgment.

Work in progress

Work in progress consists of services rendered yet unbilled at year-end and has been recorded at the lower of expenses incurred and amounts recoverable under the contracts.

Fixed assets

Fixed assets are recorded at acquisition cost while subsidies for fixed assets from the gouvernement du Québec are deducted from the cost. Fixed assets are depreciated by the diminishing balance method at the following rates:

Buildings	5% and 8%
Furniture and equipment	15% and 20%
Automotive equipment	30%
Site development	8%
Data processing equipment and software	25% and 30%
Booths	40%

Deferred charges

Deferred charges consist of recoverable costs for certain services. They are charged to operations according to royalties based on sales by customers. Non-recovered expenses are eventually written off.

Pension plan

The employer contribution to the Government and Public Employees Retirement Plan (RREGOP) is assumed by the Gouvernement du Québec and is not shown in the statement of revenue and expenditure.

Contribution from the Gouvernement du Québec

The annual contribution from the Gouvernement du Québec is accounted for according to the following distribution:

-- Contribution to the Centre's equity
   . Subsidy for repayment of the long-term debt

-- Contribution to operations
   . Subsidy for operations of the current year

3. Accounting change

Beginning with the current year, the Centre records the portion of the annual contribution from the Gouvernement du Québec for operating expenditures in the year during which such expenditures are incurred, while this portion was previously recorded in the year when it was granted.

Consequently, an accrued subsidy is recorded to cover the accrued interest on the long-term debt, since this accrued interest will be reimbursed by the Gouvernement du Québec only during the year when it is paid.

The retroactive application of this change caused increases in the following items of the financial statements:

	1990	1989
Accrued subsidy from the Gouvernement du Québec	$150 753	$426 740
Contribution from the Gouvernement du Québec	(275 987)	426 740
Surplus	(275 987)	426 740

4. Expenditure by financial object

	1990	1989
Salaries and wages	$19 295 324	$18 484 693
Other personnel expenses	637 605	452 469
Travelling expenses	1 182 908	1 098 267
Supplies	3 090 063	3 117 953
Services	1 541 668	1 327 338
Energy, taxes and other	1 931 966	1 731 115
Building maintenance	527 801	480 440
Interest on bank loan	10 715	3 363
Interest on the long-term debt	397 763	426 740
Bad debts	763 179	395 009
Deferred charges written off	482 759	372 914
	$29 861 751	$27 890 301

5. Contribution from the Gouvernement du Québec

	1990	1989
Granted contribution	$19 973 800	$17 500 000
Portion concerning repayment of the long-term debt, entered as contributed surplus from the Gouvernement du Québec	(1 000 000)	
Change in the accrued subsidy concerning interest on the long-term debt	(275 987)	426 740
Subsidy for operations	$18 697 813	$17 926 740

6. Accounts receivable

	1990	1989
Customers	$2 482 088	$2 817 985
Departments and Government agencies	346 900	210 430
Other	160 184	177 814
	$2 989 172	$3 206 229

7. Loans to employees

	1990
Loans	$230 996
Portion maturing within one year	109 096
	$121 900

Interest-free loans for a maximum of $4 000 have been granted to employees to purchase microcomputers. These loans are repayable through deductions at source, maturing in April 1993 at the latest.

8. Deposit on equipment to be purchased

In January 1987, the Centre reached an agreement with the Association of Canadian Manufacturers (ACM) for the joint acquisition of equipment with a view to installing a computer-assisted development and production demonstration laboratory on CRIQ premises. Under the agreement, the Centre pays all amounts required to purchase the equipment. On the other hand, the ACM is committed to remitting without delay to the Centre the $1 million grant it receives as government financial assistance to install the said laboratory. The agreement also provides that all purchased equipment will be the joint property of the Centre and the ACM until March 31, 1990, at which time it will become the sole property of the CRIQ.

The total anticipated cost of this equipment is approximately $2 375 000. At March 31, 1990, approximately 84% of the equipment on order had been received and transactions relating to this acquisition project were as follows:

	1990	1989
Total deposit by the Centre	$2 035 368	$1 660 525
Contribution from the AMC	(999 979)	(823 865)
Net amount of deposit by the Centre	1 035 389	836 660
Equipment received and transferred to fixed assets	1 002 030	436 660
Deposit on the acquisition of equipment	$33 359	$400 000

9. Fixed assets

	1990			1989
	Cost	Accumulated depreciation	Net	Net
Land	$1 400 929		$1 400 929	$1 400 929
Buildings	17 930 323	$5 347 303	12 583 020	12 961 515
Laboratory equipment	11 544 057	6 895 734	4 648 323	3 841 321
Laboratory furniture	267 067	165 725	101 342	105 624
Data processing equipment	6 349 256	3 658 966	2 690 290	2 397 856
Audiovisual equipment	473 012	271 750	201 262	245 009
Office furniture	885 012	569 603	315 409	348 058
Telephone equipment	835 264	369 933	465 331	527 208
Automotive equipment	108 734	44 610	64 124	40 081
Building under construction (*)	1 016 680		1 016 680	
	40 810 334	17 323 624	23 486 710	$21 867 601
Construction subsidy for the building	(1 016 680)		(1 016 680)	
	$39 793 654	$17 323 624	$22 470 030	$21 867 601

(*) The Gouvernement du Québec has commissioned the Centre to erect a building that will house the Institut national de la technologie du magnésium.
The Gouvernement du Québec assumes construction costs up to an amount of $1,8 million. This building stands on the Centre's property.

10. Long-term debt

	1990	1989
Bonds, 9 1/4% to 10%, redeemable in $1 000 000 yearly instalments (*)	$4 000 000	$5 000 000
Instalment due within one year	1 000 000	1 000 000
	$3 000 000	$4 000 000

(*) Principal and interest are guaranteed by the Gouvernement du Québec.

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990

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11. Contingent liability

A $2 800 000 lawsuit has been filed against the Centre de recherche industrielle du Québec and several other defenders. According to the Centre's officers and legal advisors, this will not result in any significant liability. Any amount that the Centre could be sentenced to pay, from that lawsuit, will be charged to operations for the then current year.

12. Comparative figures

Certain figures for 1989 in the statement of revenue and expenditure have been reclassified to make them consistent with the presentation adopted in 1990. They have also been adjusted to take into account the accounting change mentioned in Note 3.

AUDITOR'S REPORT

I have examined the balance sheet of Centre de recherche industrielle du Québec as at March 31, 1990 as well as the statement of revenue and expenditure, the statement of surplus and the statement of changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Centre as at March 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied, after giving retroactive effect to the change in method of recording the annual contribution from the Gouvernement du Québec as explained in Note 3, on a basis consistent with that of the preceding year.

On behalf of the Auditor General of Québec,
Guy Breton, F.C.A.
Assistant Auditor General

Québec, May 24, 1990

CENTRE QUÉBÉCOIS DE RECHERCHE SUR LES APPLICATIONS PÉDAGOGIQUES DE L'ORDINATEUR
R.S.Q., c. M-15.1.1

REVENUE AND EXPENDITURE AND SURPLUS
for the year ended March 31, 1990

	1990	1989
EXPENDITURE		
Salaries and wages	$974 914	$806 158
Transport and communication services	161 056	119 060
Professional and administrative services	406 467	325 777
External research work	1 294 770	1 441 931
Space and equipment rental	212 432	217 188
Materials and supplies	28 070	39 344
Maintenance and repairs	14 348	25 557
Interest on bank loan	12 222	2 381
Depreciation on fixed assets	158 620	159 936
	3 262 899	3 137 332
REVENUE		
Interest on bank deposits	14 257	26 651
User fees	1 232	
Other	2 545	3 657
	18 034	30 308
EXPENDITURE IN EXCESS OF REVENUE	3 244 865	3 107 024
Subsidy from the Gouvernement du Québec	2 991 563	3 103 000
EXPENDITURE IN EXCESS OF SUBSIDY AND REVENUE	253 302	4 024
OPENING SURPLUS	264 228	268 252
CLOSING SURPLUS	$10 926	$264 228

CENTRE QUÉBÉCOIS DE RECHERCHE SUR LES APPLICATIONS PÉDAGOGIQUES DE L'ORDINATEUR

BALANCE SHEET
as at March 31, 1990

	1990	1989
ASSETS		
CURRENT ASSETS		
Term deposit		$250 000
Accounts receivable and accrued interest	$1 232	4 667
Subsidy receivable from the Gouvernement du Québec	580 331	
Prepaid expenses	29 321	38 154
	610 884	292 821
FIXED ASSETS (Note 3)	205 802	281 273
	$816 686	$574 094
LIABILITIES		
CURRENT LIABILITIES		
Outstanding cheques less cash	$208 768	$107 270
Bank loan	400 000	
Accounts payable and accrued expenses	196 992	202 596
	805 760	309 866
SURPLUS	10 926	264 228
	$816 686	$574 094

COMMITMENTS (Note 4)

On behalf of the Board of Directors,

Pierre Bordeleau
Marcel Labelle

CENTRE QUÉBÉCOIS DE RECHERCHE SUR LES APPLICATIONS PÉDAGOGIQUES DE L'ORDINATEUR

ADDITIONAL INFORMATION -- EXPENDITURE BY SECTOR
for the year ended March 31, 1990

	1990	1989
ADMINISTRATION		
Salaries and wages	$133 061	$102 032
Transport and communication services	31 254	25 054
Professional and administrative services	135 909	131 870
Space and equipment rental	205 489	209 337
Materials and supplies	12 453	16 613
Maintenance and repairs	5 381	8 768
Interest on bank loan	12 222	2 381
Depreciation on fixed assets	25 101	44 646
	560 870	540 701
COMMUNICATION		
Salaries and wages	84 344	99 349
Transport and communication services	74 546	46 714
Professional and administrative services	108 701	50 749
Equipment rental	6 213	7 851
Materials and supplies	9 293	11 773
Maintenance and repairs	2 026	1 554
Depreciation on fixed assets	16 162	15 418
	301 285	233 408
INTERNAL RESEARCH		
Salaries and wages	757 509	604 777
Transport and communication services	55 256	47 292
Professional and administrative services	161 857	143 158
Equipment rental	730	
Materials and supplies	6 324	10 958
Maintenance and repairs	6 941	15 235
Depreciation on fixed assets	117 357	99 872
	1 105 974	921 292
EXTERNAL RESEARCH WORK	1 294 770	1 441 931
	$3 262 899	$3 137 332

NOTES TO FINANCIAL STATEMENTS
March 31, 1990

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1. Constitution and purpose

The Centre québécois de recherche sur les applications pédagogiques de l'ordinateur, a corporation within the meaning of the Civil Code, was incorporated by letters patent under section 12 of the Act respecting the Ministère de l'Enseignement supérieur et de la Science (R.S.Q., c. M-15.1.1). It was founded to promote research and development in the area of educational applications for the computer.

Unless the Government decides to extend them, the letters patent will be cancelled on March 31, 1991. Upon termination of its mandate, the Centre surrenders to the Government all its books and documents as well as all assets not required to meet its obligations: the rights and duties of the Centre could be assumed by another corporation or agency determined by the Government.

2. Accounting policies

The financial statements of the Centre have been prepared by management in accordance with generally accepted accounting principles. They include amounts based on best judgment and estimates.

Fixed assets

Fixed assets are recorded at cost and are depreciated by the straight-line method at the following rates:

Office equipment and furniture	20%
Data processing equipment and software	33 1/3%

3. Fixed assets

	1990			1989
	Cost	Accumulated depreciation	Net	Net
Office equipment and furniture	$280 630	$191 191	$89 439	$138 004
Data processing equipment and software	416 058	299 695	116 363	143 269
	$696 688	$490 886	$205 802	$281 273

Fixed assets acquired during the year amounted to $83 149 ($167 940 in 1989).

4. Commitments

The Centre is committed by contract to pay for various external research projects. Amounts pledged and payable during the coming year total $402 666 as at March 31, 1990.

The Centre also rented office space through a lease ending in February 1991. The minimum annual rent for the coming year is $182 852.

AUDITOR'S REPORT

I have examined the balance sheet of Centre québécois de recherche sur les applications pédagogiques de l'ordinateur as at March 31, 1990 as well as the statement of revenue and expenditure and surplus for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Centre as at March 31, 1990 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The Auditor General of Québec,
Rhéal Chatelain, F.C.A.

Québec, May 10, 1990

CENTRE QUÉBÉCOIS DE VALORISATION DE LA BIOMASSE
R.S.Q., c. M-15.1.1

REVENUE AND EXPENDITURE AND DEFICIT
for the year ended March 31, 1990

	1990	1989
EXPENDITURE		
Cost of projects assumed by the Centre:		
Professional services		
Research and development work	$2 601 438	$1 420 452
Orientation, diffusion and coordination activities	412 688	416 038
Grants to associated laboratories for equipment purchases	59 926	115 391
Other costs allocated to the cost of projects (Note 3)	452 679	402 231
	3 526 731	2 354 112
Administrative expenses (Note 3)	744 684	593 907
	4 271 415	2 948 019
REVENUE		
Interest on bank deposits	34 651	33 109
Loss recovered from insurers		7 695
Other (Note 4)	21 128	13 325
	55 779	54 129
EXPENDITURE IN EXCESS OF REVENUE	4 215 636	2 893 890
Subsidy from the Gouvernement du Québec (Note 5)	3 132 989	3 361 350
EXPENDITURE IN EXCESS OF REVENUE AND SUBSIDY	1 082 647	(467 460)
OPENING SURPLUS	541 111	73 651
CLOSING (DEFICIT) SURPLUS	($541 536)	$541 111

CENTRE QUÉBÉCOIS DE VALORISATION DE LA BIOMASSE

BALANCE SHEET
as at March 31, 1990

	1990	1989
ASSETS		
CURRENT ASSETS		
Cash	$672 377	$292 957
Term deposits and accrued interest		700 173
Accounts receivable	13 609	34 283
Advance to an associated laboratory	35 076	46 806
Prepaid expenses	3 394	8 785
	$724 456	$1 083 004
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$878 492	$503 683
Bank loan	387 500	
Deferred contribution by an associate		38 210
	1 265 992	541 893
(DEFICIT) SURPLUS	(541 536)	541 111
	$724 456	$1 083 004

COMMITMENTS (Note 7)

On behalf of the Board of Directors,

Joël de la Noüe
Marcel Risi

CENTRE QUÉBÉCOIS DE VALORISATION DE LA BIOMASSE

ADDITIONAL INFORMATION

TOTAL COST OF PROJECTS
for the year ended March 31, 1990

	1990			1989
	Cost of projects assumed by the Centre	Contributions by associates (Note 4)	Total cost of projects	Total cost of projects
COST OF PROJECTS				
Professional services				
Research and development work	$2 601 438	$2 034 711	$4 636 149	$3 442 797
Orientation, diffusion and coordination activities	412 688	277 627	690 315	811 799
Grants to associated laboratories for equipment purchases	59 926	63 124	123 050	318 667
	3 074 052	2 375 462	5 449 514	4 573 263
Other expenses charged to the cost of projects				
Salaries and wages	421 652		421 652	374 598
Transport and communications services	31 027		31 027	27 633
	452 679		452 679	402 231
	$3 526 731	$2 375 462	$5 902 193	$4 975 494

NOTES TO FINANCIAL STATEMENTS
March 31, 1990

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1. Constitution and purpose

The Centre québécois de valorisation de la biomasse, a corporation within the meaning of the Civil Code, was incorporated by letters patent under section 12 of the Act respecting the Ministère de l'Enseignement supérieur et de la Science (R.S.Q., c. M-15.1.1). The purpose of the Centre is to promote research and development concerning the improvement of the biomass.

Unless the Gouvernement du Québec decides to extend the Centre's letters patent, they will be repealed on March 31, 1991. Upon termination of its mandate, the Centre will transfer to the Government all its books and documents as well as all its movable and immovable assets which are not required to repay its debts: the rights and duties of the Centre could be assumed by another corporation or agency designated by the Government.

2. Accounting principles

The financial statements of the Centre were prepared by management on the accrual basis and in accordance with the following accounting policy. These statements include amounts based on best estimates and judgment.

Fixed assets

Acquisitions of fixed assets are entered as expenditures, either as project costs or as administrative expenses.

Fixed assets financed from the Centre's subsidies are charged to the cost of projects and, under contract terms, they are the associates' property. The Centre's fixed assets entered as administrative expenses are shown in a note for information purposes.

3. Administrative expenses

	1990	1989
Salaries and wages	$698 305	$663 615
Transport and communication services	119 597	141 207
Professional services	245 950	61 736
Rent	54 591	53 856
Stationery and office expenses	50 961	42 415
Insurance	3 818	2 351
Interest and bank charges	6 890	3 507
Acquisition of fixed assets	17 251	27 451
Administrative and other expenses	1 197 363	996 138
Less:		
Expenses allocated to the cost of projets	452 679	402 231
	$744 684	$593 907

4. External contributions to the Centre's activities

The letters patent incorporating the Centre stipulate that the sum of external contributions (associates and others) to the Centre's activities must equal a minimum of 15% of the annual Government subsidy, beginning with the third complete year, that is the year ended March 31, 1989.

During the year ended March 31, 1990, external contributions totaled $2 396 590 (1989: $2 634 707), or 76,5% (1989: 78,4%) of the Government subsidy. They consisted of:

	1990	1989
Contributions from associates in projects	$2 375 462	$2 621 382
Revenue -- other	21 128	13 325
	$2 396 590	$2 634 707

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5. Subsidy from the Gouvernement du Québec

By a letter dated November 28, 1985 from the Deputy-minister of the Ministère de l'Enseignement supérieur et de la Science, the Centre is guaranteed a basic budget of $17 500 000 from the date of its constitution until March 31, 1991.

The subsidies received from the Gouvernement du Québec to that end amount to $3 132 989 for the year ended March 31, 1990 (1989: $3 361 350). At the same date, the forthcoming balance of that budget amounts to $6 230 661.

6. Fixed assets

Changes in fixed assets entered as administrative expenses:

	1990	1989
Opening balance	$245 669	$226 339
Acquisitions	17 251	27 451
Assets written off	(6 560)	(8 121)
Closing balance	$256 360	$245 669
Closing balance consists of:		
Furniture and equipment	$71 693	$67 283
Data processing equipment	114 341	108 252
Research equipment *	58 657	58 657
Leasehold improvements	11 669	11 477
	$256 360	$245 669

* By exception, this research equipment, although allocated to project costs, is the property of the Centre.

7. Commitments

The Centre is bound, under agreements and contracts, to contribute sums toward the realization of various projects. Commitments payable during the coming years amount to $3 184 241 as at March 31, 1990.

The Centre has signed a lease ending in 1991 for administrative premises. The minimum rent for the coming year is $35 618.

Besides the monthly rent, the Centre must pay for certain operating expenses of the rented premises.

8. Pension plan

Employees of the Centre are participants in the Government and Public Employees Retirement Plan (RREGOP). This defined benefit plan provides retirement and death benefits. Centre contributions charged to operations during the year amount to $23 830 (1989: $23 238). Commitments of the Centre toward that Government plan are limited to current service contributions as an employer.

CENTRE QUÉBÉCOIS DE VALORISATION DE LA BIOMASSE

AUDITOR'S REPORT

I have examined the balance sheet of Centre québécois de valorisation de la biomasse as at March 31, 1990 as well as the statement of revenue and expenditure and deficit for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Centre as at March 31, 1990 and the results of its operations for the year then ended in accordance with the accounting policies disclosed in Note 2 applied on a basis consistent with that of the preceding year.

The Auditor General of Québec,
Rhéal Chatelain, F.C.A.

Québec, June 8, 1990

CENTRE QUÉBÉCOIS POUR L'INFORMATISATION DE LA PRODUCTION
R.S.Q., c. M-15.1.1

REVENUE AND EXPENDITURE AND SURPLUS
for the year ended March 31, 1990

	1990	1989
EXPENDITURE		
Administrative centre:		
Administrative expenses (Note 5)	$682 767	$657 574
Communications, travelling and entertainment expenses	98 947	78 892
Conferences, conventions and audio-visual equipment	26 366	21 900
Office furniture and equipment	58 117	5 129
Laboratories		
Operating subsidy	806 316	805 643
Data processing equipment	26 341	147 226
Data processing network operations:		
Maintenance of data processing equipment and operating costs of the electronic mail	253 020	
	1 951 874	1 716 364
REVENUE		
Interest on bank deposits	60 476	69 557
Other	20 094	4 534
	80 570	74 091
EXPENDITURE IN EXCESS OF REVENUE	1 871 304	1 642 273
Subsidy from the Gouvernement du Québec	1 857 742	1 535 710
EXPENDITURE IN EXCESS OF REVENUE AND SUBSIDY	13 562	106 563
OPENING SURPLUS	18 524	125 087
CLOSING SURPLUS	$4 962	$18 524

CENTRE QUÉBÉCOIS POUR L'INFORMATISATION DE LA PRODUCTION

BALANCE SHEET
as at March 31, 1990

	1990	1989
ASSETS		
CURRENT ASSETS		
Cash	$357 171	$178 005
Term deposits -- at cost	150 000	200 000
Accounts receivable	5 761	4 037
Subsidy receivable from the Gouvernement du Québec		575 000
	$512 932	$957 042
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$503 044	$643 261
Commitments payable (Note 3)		263 991
Deferred revenues	4 926	31 266
	507 970	938 518
SURPLUS	4 962	18 524
	$512 932	$957 042

COMMITMENTS (Note 7)

On behalf of the Board of Directors,

Richard Bourbeau
André St-Onge

NOTES TO FINANCIAL STATEMENTS
March 31, 1990

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1. Constitution and purpose

The Centre québécois pour l'informatisation de la production, a corporation within the meaning of the Civil Code, was incorporated by letters patent under section 12 of the Act respecting the Ministère de l'Enseignement supérieur et de la Science (R.S.Q., c. M-15.1.1). It was founded to promote the development of technology applied in computer-assisted product design and fabrication.

The Centre's letters patent have been extended by the Gouvernement du Québec until March 31, 1991. Upon termination of its mandate, the Centre surrenders to the Government all its books and documents as well as all assets not required to meet its obligations: the rights and duties of the Centre could be assumed by another corporation or agency appointed by the Government.

The Ministère de l'Enseignement supérieur et de la Science has requested from the Centre a situation report intended to support the Government's decision concerning the pursuit of the Centre's activities past March 31, 1991. This report is currently being prepared.

2. Accounting policies

The financial statements of the Centre have been prepared by management on the accrual basis and in accordance with the accounting policies as disclosed hereunder. These statements include amounts based on best estimates and judgment.

Fixed assets

Acquisitions of fixed assets are charged to operations and presented in a note to the financial statements, for information purposes.

The cost of data processing equipment for laboratories includes equipment, software and maintenance costs. In 1989-1990, maintenance on this equipment is shown as a separate item.

Deferred revenues

Subsidies received for specific projects are deferred and transferred to operations in line with incurred expenditures.

3. Amendment to an accounting policy

Commitments payable

Starting with the present year, the Centre accounts for all expenditures when incurred while previously, all sums allocated to data processing equipment in laboratories and to certain operating expenses, for which subsidies had been received, were accounted for. This amendment was applied prospectively so that its impact on the year's financial statements cannot be evaluated.

4. Expenditure assumed by the Gouvernement du Québec

A subsidy of $56 850 ($54 735 in 1989) for operations of a laboratory does not appear in the statement of revenue and expenditure and surplus since it was financed through appropriations of the Ministère de l'Enseignement supérieur et de la Science.

5. Administrative expenses

	1990	1989
Salaries and wages	$482 652	$416 693
Rent and business taxes	66 422	79 661
Stationery and office expenses	21 381	27 396
Professional and administrative services	65 313	16 366
Maintenance	9 441	15 158
Personal development	2 976	6 215
Seminar preparation	14 955	17 417
Information and communication	14 576	68 667
Computer systems development		816
Interest and bank charges	12	204
Other	5 039	8 981
	$682 767	$657 574

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990

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6. Fixed assets

Changes in fixed assets charged to operations:

	1990	1989
Opening balance	$5 892 799	$5 740 444
Acquisitions	84 458	152 355
Closing balance	$5 977 257	$5 892 799

Closing balance consists of:

	1990	1989
Laboratory data processing equipment	$5 695 073	$5 668 733
Audiovisual equipment and booth	17 802	17 802
Office furniture and equipment	232 789	174 671
Telephone system	20 190	20 190
Leasehold improvements	11 403	11 403
	$5 977 257	$5 892 799

Those fixed assets do not include equipment purchased and paid for by associates in a project.

7. Commitments

The Centre is committed to give during the next year, under agreements with seven laboratories, a subsidy for their operations. During 1989-1990, this subsidy amounted to $806 316. Moreover, under the same agreements, the Centre is committed to pay for maintenance on equipment and software supplied to the laboratories as well as for the cost of communications, maintenance and operations connected with electronic mail until March 31, 1991.

The Centre has also signed a lease for office space expiring March 31, 1991. The minimum annual rent for the next year is $63 507.

8. Pension plan

The employees of the Centre participate in the Government and Public Employees Retirement Plan. It is a benefit based plan providing guarantees upon retirement and death.

Centre contributions charged to operations during the year amount to $16 212 ($13 125 in 1989). The Centre's obligations toward this Government plan are limited to its contributions as employer for current services.

AUDITOR'S REPORT

I have examined the balance sheet of the Centre québécois pour l'informatisation de la production as at March 31, 1990 as well as the statement of revenue and expenditure and surplus for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Centre as at March 31, 1990 and the results of its operations for the year then ended in accordance with the accounting policies disclosed in Note 2 applied, except for the change in the method of accounting for data processing equipment and certain operating expenses as explained in Note 3, on a basis consistent with that of the preceding year.

The Auditor General of Québec,
Rhéal Chatelain, F.C.A.

Québec, May 31, 1990

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES
R.S.Q., c. R-10
GOVERNMENT AND PUBLIC EMPLOYEES RETIREMENT PLAN

CHANGES IN NET ASSETS
for the year ended December 31, 1989
(in thousands of dollars)

	1989		1988	
INCREASES				
Employee contributions (Note 8) (including transfers and redeemed services)		482 957		461 584
Gouvernement du Québec contribution:				
Employer contributions (Note 8)	461 185		438 758	
Interest	1 051 191		703 784	
Pensions, contribution refunds and transfers for past service upon joining the Plan	27 557	1 539 933	23 769	1 166 311
Contributions of autonomous employers		27 273		25 979
Revenue from funds entrusted to the Caisse de dépôt et placement du Québec (Note 7)		902 650		613 031
Other interest revenue		2 155		2 793
		2 954 968		2 269 698
DECREASES				
Payments to participants				
General plan:				
Pensions and life annuities		138 228		107 595
Contribution refunds, including interest		43 714		78 660
Contribution transfers, including interest		20 400		29 114
Integrated supplemental pension plans:				
Life annuities		4 556		4 091
Contribution refunds, including interest		350		374
Contribution transfers, including interest		36		235
		207 284		220 069
NET INCREASE FOR THE YEAR		2 747 684		2 049 629
OPENING NET ASSETS		15 916 697		13 867 068
CLOSING NET ASSETS		18 664 381		15 916 697

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

GOVERNMENT AND PUBLIC EMPLOYEES RETIREMENT PLAN

NET ASSETS
as at December 31, 1989
(in thousands of dollars)

	1989	1988
ASSETS		
Funds entrusted to the Caisse de dépôt et placement du Québec (Note 3)	8 562 769	7 315 014
Cash	7 055	1 694
Funds of certain supplemental pension plans, in process of transfer	477	581
Owed by the Gouvernement du Québec (Note 4)	10 097 120	8 610 800
Employer and employee contributions receivable from agencies	35 753	46 559
Amounts receivable -- transfers and redeemed services	13 115	6 424
	18 716 289	15 981 072
LIABILITIES		
Contribution refunds and pensions payable	14 777	19 256
Excess contributions to be refunded	14 655	15 012
Owed to the Gouvernement du Québec -- current account	22 476	30 107
	51 908	64 375
NET ASSETS (Notes 5 and 6)	18 664 381	15 916 697

Chairman of the Commission,

Michel Sanschagrin

Director of Finance of the Commission,

Michel Lagueux

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

GOVERNMENT AND PUBLIC EMPLOYEES RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS
December 31, 1989

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1. Purpose and funding

Purpose

The Government and Public Employees Retirement Plan is a benefit based plan providing death and retirement benefits. It also allows for contribution refunds with interest, under certain conditions.

Since July 1, 1973, employees of the Government and eligible public agencies who do not participate in any other pension plan must join the Plan. Certain other employee groups, as defined by regulation, may also be Plan participants.

Funding

Employee contributions cover half of the total cost of the Plan, while the Government and the other employers are responsible for the other half.

Prior to July 1, 1982, employee contributions covered 5/12 of Plan costs, while the Government and the other employers supplied the remaining 7/12 of the costs.

2. Accounting policies

The financial statements of the Government and Public Employees Retirement Plan were prepared by management on the accrual basis and in accordance with the accounting policies as disclosed hereunder. These statements include amounts based on best estimates and judgment.

Adjustments to contributions from employers and employees are accounted for when their amount is determined.

Those financial statements combine the financial data of the following three funds:

-- Employee contributions fund
-- Employer contributions fund
-- Supplemental pension plan fund

Participation deposits with individual funds of the Caisse de dépôt et placement du Québec are recorded at cost.

3. Funds entrusted to the Caisse de dépôt et placement du Québec
(in thousands of dollars)

	1989				1988
	Employees' fund	Employers' fund	SPP fund **	Total	Total
Participation deposits in individual funds -- at cost* (realizable value 1989, $9 347 818; 1988, $7 663 967)	8 109 974	19 541	190 055	8 319 570	7 117 336
Demand deposits in the general fund	5 745	67	1	5 813	19 918
Accrued interest	110	5		115	300
Revenue receivable from individual funds	230 893	849	5 529	237 271	177 460
	8 346 722	20 462	195 585	8 562 769	7 315 014
* Number of units				8 319 570	7 117 336

** Supplemental pension plans

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4. Owed by the Gouvernement du Québec

At December 31, 1989, Government commitments toward the Plan totalled $10 097 120 000 ($8 610 800 000 at December 31, 1988). These commitments will be met in accordance with terms provided for under legislation. To this must be added the commitments mentioned in Note 5, that is $1 416 814 000 ($1 350 487 000 at December 31, 1988).

Changes in amount owed by the Gouvernement du Québec
(in thousands of dollars)

	1989	1988
Opening balance	8 610 800	7 496 410
Plus:		
Employer contributions	461 185	438 758
Interest *	1 051 191	703 784
Contributions from employees enjoying early retirement		39
Less:		
Amounts received	26 056	28 191
Closing balance	10 097 120	8 610 800

* Interest on the balance is a function of the annual yield of RREGOP funds deposited with the Caisse de dépôt et placement du Québec.

5. Plan commitments toward participating employees

According to the latest actuarial valuations by the Commission's actuaries from population data as at December 31, 1987, the Plan's commitments toward the participants, for pensions funded through the Plan's net assets, amounted to $13 886 195 000 at that date. These commitments were established by the aggregate actuarial cost method, except for pension credits from supplemental pension plans; in the latter case, the projected unit credit actuarial cost method was used.

The Commission's actuaries estimated these commitments at $18 738 036 000 at December 31, 1989.

The following commitments, which are the responsibility of the Gouvernement du Québec, must be added to these commitments:

a. all commitments related to years of service transferred to the Plan with respect to employees previously covered by the Teachers Pension Plan and by the Civil Service Superannuation Plan;

b. commitments for pension credits granted to certain pensioners of the social affairs sector.

According to the latest actuarial valuations by the Commission's actuaries from population data as at December 31, 1987, the actuarial commitments for elements a and b amounted to $1 211 863 000 at that date. These commitments were established by the projected unit credit actuarial cost method.

The Commission's actuaries estimated those actuarial commitments at $1 416 814 000 at December 31, 1989 ($1 350 487 000 at December 31, 1988).

6. Net assets available by fund for benefits

(in thousands of dollars)

	1989	1988
Employee contributions fund	8 370 632	7 075 703
Employer contributions fund	10 097 750	8 661 408
Supplemental pension plans fund	195 999	179 586
Available net assets of the Plan	18 664 381	15 916 697

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7. Revenue from funds entrusted to the Caisse de dépôt et placement du Québec

(in thousands of dollars)

	1989				1988
	Employees' fund	Employers' fund	SPP funds *	Total	Total
Revenue from participation deposits in individual funds**	875 627	4 137	21 233	900 997	611 318
Interest on demand deposits in the general fund	1 513	118	22	1 653	1 713
	877 140	4 255	21 255	902 650	613 031

* Supplemental pension plans.

** This revenue includes net gains on the sale of investments for $251 755 814 (1988: $56 801 670).

8. Excess contributions to be refunded

By mistake, some employers in the health and social services field have taken into account compensation paid in lieu of social benefits to arrive at the pensionable earnings for certain classes of employees. So, the Commission has received excess contributions since January 1, 1987, when casual employees became subject to the RREGOP.

In cooperation with the involved employers, the Commission straightened out the situation for year 1989. As for years 1987 and 1988, the Commission will start in 1990 the process aimed at refunding the excess contributions to the employees through the employers, as stated by existing regulations.

The Commission estimates at $13 000 000 each the excess contributions by employees and by the Gouvernement du Québec entered as net assets for the years 1987 and 1988. As mentioned in the accounting policy, adjustments will be recorded when their amount is established.

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

GOVERNMENT AND PUBLIC EMPLOYEES RETIREMENT PLAN

OPINION OF THE ACTUARIAL SERVICE OF THE COMMISSION CONCERNING COMMITMENTS OF THE GOVERNMENT AND PUBLIC EMPLOYEES RETIREMENT PLAN IN REGARD TO:

- years of service during which employees were participants;

- pensions deriving from the early retirement program;

- pension credits arising from redeemed services;

- pension credits deriving from the supplemental pension plans.

We hereby certify that the actuarial commitments mentioned in the first paragraph of Note 5 to the present financial statements constitute, in our opinion, a reserve sufficient to cover future payments in regard to present pensions, pending pensions and vested benefits for participants who are still employed.

These commitments derive from actuarial valuations using data from December 31, 1987 and amounted to $13 886 195 000 at that date. In our opinion, these commitments are based on sufficient and reliable data, on assumptions we consider adequate and appropriate, and in accordance with methods that make use of sound actuarial principles according to the policies of the Canadian Institute of Actuaries.

Michel Laflamme, A.S.A.
Head of the Actuarial service

Paul Robitaille, F.I.C.A., F.S.A.
Actuarial service

Québec, May 10, 1990

OPINION OF THE ACTUARIAL SERVICE OF THE COMMISSION CONCERNING COMMITMENTS OF THE GOVERNMENT AND PUBLIC EMPLOYEES RETIREMENT PLAN IN REGARD TO:

- years of service transferred from the Teachers Pension Plan and the Civil Service Superannuation Plan;

- pension credits granted to certain pensioners of the social affairs sector.

We hereby certify that the actuarial commitments mentioned in the fourth paragraph of Note 5 to the present financial statements constitute, in our opinion, a reserve sufficient to cover future payments in regard to present pensions, pending pensions and vested benefits for participants who are still employed.

These commitments derive from actuarial valuations using data from December 31, 1987 and amounted to $1 211 863 000 at that date. In our opinion, these commitments are based on sufficient and reliable data, on assumptions we consider adequate and appropriate, and in accordance with methods that make use of sound actuarial principles according to the policies of the Canadian Institute of Actuaries.

Michel Laflamme, A.S.A.
Head of the Actuarial service

Paul Robitaille, F.I.C.A., F.S.A.
Actuarial service

Québec, May 10, 1990

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

GOVERNMENT AND PUBLIC EMPLOYEES RETIREMENT PLAN

AUDITOR'S REPORT

I have examined the statement of net assets of the Régime de retraite des employés du gouvernement et des organismes publics as at December 31, 1989 as well as the statement of changes in net assets for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the net assets of the Régime as at December 31, 1989 and the changes for the year then ended in accordance with the accounting policies disclosed in Note 2 applied on a basis consistent with that of the preceding year.

On behalf of the Auditor General of Québec,
Guy Breton, F.C.A.
Assistant Auditor General

Québec, June 5, 1990

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES
R.S.Q., c. R-10

RECEIPTS AND DISBURSEMENTS
for the year ended December 31, 1989 for the following plans

RECEIPTS	Employee contributions		Employer contributions		Total receipts (paid into the Consolidated Revenue Fund)	
	1989	1988	1989	1988	1989	1988
Teachers Pension Plan	$98 870 318	$105 520 097	$375 696	$407 017	$99 246 014	$105 927 114
Civil Service Superannuation Plan (Note 4)	35 221 165	35 723 062	21 801 157	22 029 643	57 022 322	57 752 705
Pension Plan for Members of the Sûreté du Québec	13 685 200	12 531 304			13 685 200	12 531 304
Pension Plan for Members of the National Assembly	685 579	901 551			685 579	901 551
Retirement and Pension Plans for Judges (1978)	2 089 671	1 859 224			2 089 671	1 859 224
Pension Plan of Certain Teachers (Note 5)	11 902 228	20 749 917			11 902 228	20 749 917
Pension Plan for Peace Officers in Penal Institutions (Note 7)	18 326 959	3 346 198			18 326 959	3 346 198
	$180 781 120	$180 631 353	$22 176 853	$22 436 660	$202 957 973	$203 068 013

DISBURSEMENTS	Pensions and life annuities paid		Contribution refunds and transfers		Total disbursements (paid from the Consolidated Revenue Fund)	
	1989	1988	1989	1988	1989	1988
Teachers Pension Plan	$334 979 548	$303 615 293	$4 593 474	$3 816 874	$339 573 022	$307 432 167
Civil Service Superannuation Plan	223 268 604	204 457 204	1 744 552	1 546 309	225 013 156	206 003 513
Pension Plan for Members of the Sûreté du Québec	24 357 934	20 192 687	62 119	273 258	24 420 053	20 465 945
Pension Plan for Members of the National Assembly	5 924 435	5 712 995	103 314		6 027 749	5 712 995
Retirement and Pension Plans for Judges (1978)	3 984 265	3 589 412	11 948	52 010	3 996 213	3 641 422
Pension Plan for Judges and Coroners	2 185 208	2 245 158			2 185 208	2 245 158
Pension Plan for Commissioners of the Commission des valeurs mobilières du Québec	61 973	73 579			61 973	73 579
Pension Plan of Certain Teachers (Note 6)	34 385 479	28 433 609			34 385 479	28 433 609
Pension Plan for Peace Officers in Penal Institutions (Note 7)	575 039	143 269	110 923	44 381	685 962	187 650
Special pension plans	75 925	75 588			75 925	75 588
	$629 798 410	$568 538 794	$6 626 330	$5 732 832	$636 424 740	$574 271 626

Chairman of the Commission,	Director of Finance of the Commission,
Michel Sanschagrin	Michel Lagueux

NOTES TO FINANCIAL STATEMENTS
December 31, 1989

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1. Purpose and funding

Purpose

The Commission administrative des régimes de retraite et d'assurances is responsible for administering the following pension plans:

Teachers Pension Plan (R.S.Q., c. R-11 and amendments)
Civil Service Superannuation Plan (R.S.Q., c. R-12 and amendments)
Pension Plan for Members of the Sûreté du Québec (R.S.Q., c. P-13)
Legislature Act (R.S.Q., c. L-1)
Act respecting the conditions of employment and the pension plan of the Members of the National Assembly (R.S.Q., c. C-52.1)
Retirement and Pension Plans for Judges provided for under sections 225 to 246 of the Courts of Justice Act (R.S.Q., c. T-16 and amendments)
Pension Plan for Judges provided for under sections 246.2 to 246.14 of the Courts of Justice Act (R.S.Q., c. T-16 and amendments)
Pension Plan for Commissioners of the Commission des valeurs mobilières du Québec provided for under section 25 of the Act to amend the Securities Act (S.Q., 1971, c. 77)
Retirement Protection Plan for Certain Teachers (R.S.Q., c. R-9.1 and amendments)
Pension Plan for Peace Officers in Penal Institutions (R.S.Q., c. R-9.2)
Special pension plans (R.S.Q., c. P-32 and amendments; S.Q., 1970, c. 6 and orders-in-council 1967-71 and 378-73)

Generally speaking, these are benefit based plans providing death and retirement benefits.

Funding

The Pension Plan for Judges and Coroners, the Plan for Commissioners of the Commission des valeurs mobilières du Québec and the Special pension plans are non-contributory. Contribution rates for the other pension plans mentioned above usually range between 7% and 10% of employees' pensionable earnings.

Under the provisions of the Acts and orders-in-council governing those pension plans, receipts are turned over to the Consolidated Revenue Fund of the Gouvernement du Québec, from which disbursements are made as well. Moreover, the commitments under those plans, at December 31, 1989, are borne entirely by the Consolidated Revenue Fund of the Gouvernement du Québec.

2. Accounting policies

Employee contributions (including redemptions, transfers, interest, less excess contributions) are recorded on the cash basis, as are the contributions of autonomous employers (including interest). Amounts held by agents at December 31 and remitted to the Commission during the following year are not included in receipts for the current year. Pensions and life annuities, as well as contribution refunds or transfers and interest, are also recorded on the cash basis.

3. Plan commitments toward participants

(in thousands of dollars)

According to the latest actuarial valuations based on population data at December 31, 1987, the actuarial commitments toward plan participants for the present financial statement, excepting special pension plans, amounted to $15 935 667 000 at that date.

These commitments were established by the "projected unit credit actuarial cost method", except for the Teachers Pension Plan and the Civil Service Superannuation Plan regarding services after June 30, 1982, the Retirement Protection Plan for Certain Teachers regarding services after December 31, 1987 and the Pension Plan for Peace Officers in Penal Institutions; in the latter cases, the "aggregate actuarial cost method" was used.

NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31, 1989

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3. Plan commitments toward participants (cont'd)
(in thousands of dollars)

The Commission's actuarial service estimated the actuarial commitments as at December 31, 1989 at $18 265 515 000 divided as follows:

	1989		
	Projected unit credit actuarial cost	Aggregate actuarial cost	Total
Teachers Pension Plan	8 620 499	2 241 911	10 862 410
Civil Service Superannuation Plan	3 824 952	867 139	4 692 091
Pension Plan for Members of the Sûreté du Québec *	1 557 199		1 557 199
Pension Plan for Members of the National Assembly	97 947		97 947
Pension Plans for Commissioners of the Commission des valeurs mobilières du Québec, for Judges and Coroners and the Pension Plan for Judges (1978)*	127 039		127 039
Retirement Protection Plan for Certain Teachers	750 562	56 740	807 302
Pension Plan for Peace Officers in Penal Institutions		121 527	121 527
	14 978 198	3 287 317	18 265 515

* The preceding actuarial valuation had been established by the "aggregate actuarial cost" method.

4. Civil Service Superannuation Plan

As at December 31, 1977, three Government agencies owed to the Consolidated Revenue Fund of the Gouvernement du Québec a sum estimated at $196 476 000 with regard to service prior to December 31, 1975. At December 31, 1989, $70 985 769 had been remitted. The balance is payable in annual instalments including interest over a period not extending beyond year 2000.

5. Receipts -- Retirement Protection Plan for Certain Teachers

Sections 53 and 54 of the Act respecting the Retirement Plan for Certain Teachers (R.S.Q., c. R-9.1 and amendments), in force since June 1986, stipulate that any amount paid to the Caisse de dépôt et placement du Québec by virtue of the Act respecting the Government and Public Employees Retirement Plan for individuals covered by this Act are transferred to the Consolidated Revenue Fund of the Gouvernement du Québec, after deducting any benefits paid or payable on such transfers.

During year 1989, a total of $11 902 228 ($20 749 917 in 1988) was transferred to the Consolidated Revenue Fund of the Gouvernement du Québec for years of service prior to 1988.

6. Disbursements -- Retirement Protection Plan for Certain Teachers

Disbursements concerning the Retirement Protection Plan for Certain Teachers include both those made under the Act respecting the Pension Plan of Certain Teachers (R.S.Q., c. R-9.1 and amendments) and those made under the Act respecting pension coverage for certain teachers (R.S.Q., c. P-32.1).

NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31, 1989

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7. Pension Plan for Peace Officers in Penal Institutions

The Act respecting the Government and Public Employees Retirement Plan gives the Government the authority to establish certain pension plans and to mandate the Commission as their administrator.

The administration of the Pension Plan for Peace Officers in Penal Institutions, constituted by a special Act (R.S.Q., c. R-9.2) coming into force January 1, 1988, was entrusted to the Commission.

The Commission has set at $1 319 898 at December 31, 1989 the employees' share to be transferred from the Caisse de dépôt et placement du Québec to the Consolidated Revenue Fund of the Gouvernement du Québec for service years prior to 1988 on behalf of peace officers who were, on December 31, 1987, participants in the Government and Public Employees Retirement Plan and who joined the new Plan on January 1, 1988.

During year 1989, an amount of $14 250 584 was transferred to the Consolidated Revenue Fund of the Gouvernement du Québec for years of service prior to 1988.

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

OPINION OF THE ACTUARIAL SERVICE OF THE COMMISSION CONCERNING COMMITMENTS OF

Teachers Pension Plan
Civil Service Superannuation Plan
Pension Plan for Members of the Sûreté du Québec
Pension Plan for Members of the National Assembly
Pension Plan for Judges and Coroners
Retirement and Pension Plans for Judges (1978)
Pension Plan for Commissioners of the Commission des valeurs mobilières du Québec
Retirement Protection Plan for Certain Teachers
Pension Plan for Peace Officers in Penal Institutions

We hereby certify that the actuarial commitments disclosed in the first paragraph of Note 3 to the present financial statement constitute, in our opinion, a reserve sufficient to cover future payments in regard to present pensions, pending pensions and vested benefits for participants who are still employed.

These commitments derive from actuarial valuations using data from December 31, 1987 and amounted to $15 935 667 000 as at that date. In our opinion, these commitments are based on sufficient and reliable data, on assumptions we consider adequate and appropriate and in accordance with methods that make use of sound actuarial principles according to the policies of the Canadian Institute of Actuaries.

Michel Laflamme, A.S.A.
Head of the Actuarial service

Paul Robitaille, F.I.C.A., F.S.A.
Actuarial service

Québec, May 10, 1990

AUDITOR'S REPORT

I have examined the statement of receipts and disbursements for the year ended December 31, 1989 of the following pension plans:

Teachers Pension Plan
Civil Service Superannuation Plan
Pension Plan for Members of the Sûreté du Québec
Pension Plan for Members of the National Assembly
Pension Plan for Judges and Coroners
Retirement and Pension Plans for Judges (1978)
Pension Plan for Commissioners of the Commission des
  valeurs mobilières du Québec
Retirement Protection Plan for Certain Teachers
Pension Plan for Peace Officers in Penal Institutions
Special Pension Plans

My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, this financial statement presents fairly the receiptes and disbursements of these pension plans for the year ended December 31, 1989 in accordance with the accounting policies disclosed in Note 2 applied on a basis consistent with that of the preceding year.

On behalf of the Auditor General of Québec,
Guy Breton, F.C.A.
Assistant Auditor General

Québec, May 30, 1990

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES
R.S.Q., c. R-10
RETIREMENT PLAN FOR THE MAYORS AND COUNCILLORS OF MUNICIPALITIES
R.S.Q., c. R-16
CHANGES IN NET ASSETS
for the year ended December 31, 1989

	1989		1988	
INCREASES				
Participants' contributions:				
Contributions for current service	$11 986		$734 329	
Redemption and transfer of past service	6 471	$18 457	2 745	$737 074
Municipalities' contributions:				
Contributions for current service	13 418		1 056 737	
Redemption and transfer of past service	9 241	22 659	4 165	1 060 902
Revenue from funds entrusted to the Caisse de dépôt et placement du Québec (Note 6)		2 626 043		1 469 482
Other interest revenue		1 717		3 870
		2 668 876		3 271 328
DECREASES				
Pensions	732 332		799 282	
Contribution refunds and transfers, including interest	2 100 088	2 832 420	277 942	1 077 224
NET (DECREASE) INCREASE FOR THE YEAR		(163 544)		2 194 104
OPENING NET ASSETS		22 059 449		19 865 345
CLOSING NET ASSETS		$21 895 905		$22 059 449

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

RETIREMENT PLAN FOR THE MAYORS AND COUNCILLORS OF MUNICIPALITIES

NET ASSETS
as at December 31, 1989

	1989	1988
ASSETS		
Funds entrusted to the Caisse de dépôt et placement du Québec (Note 3)	$23 730 611	$21 880 182
Cash	1 146	10 078
Contributions receivable	12 080	193 255
	23 743 837	22 083 515
LIABILITIES		
Pensions and contribution refunds payable	357 303	24 066
Funds under transfer to the Pension Plan of Elected Municipal Officers (Note 4)	1 490 629	
	1 847 932	24 066
NET ASSETS (Note 5)	$21 895 905	$22 059 449

Chairman of the Commission,

Michel Sanschagrin

Director of Finance of the Commission,

Michel Lagueux

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

RETIREMENT PLAN FOR THE MAYORS AND COUNCILLORS OF MUNICIPALITIES

NOTES TO FINANCIAL STATEMENTS
December 31, 1989

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1. Purpose and funding

Purpose

The Pension Plan for Mayors and Councillors of Municipalities is a cost based plan subject to the Act respecting retirement plans for the mayors and councillors of municipalities. The Act provides, among other provisions, retirement and death benefits. It also provides for the refund of contributions and accrued interest under certain conditions.

This pension plan is open to members of a municipal council that votes a by-law to join the plan. A year of service is credited for each year of participation.

However, since the inception of the Pension Plan of Elected Municipal Officers (R.S.Q., c. R-9.3 and amendments) in force since January 1, 1989, the right to participate in the Retirement Plan for the Mayors and Councillors of Municipalities has been abolished.

Funding

Before January 1, 1989, plan participants contributed 5,5% of their pensionable earnings. A participant could also add a supplementary contribution. The contribution by the municipality was 8% of each participant's earnings.

2. Accounting policies

The financial statements of the Retirement Plan for the Mayors and Councillors of Municipalities were prepared by management on the accrual basis and in accordance with the accounting policies as disclosed hereunder. These statements include amounts based on best estimates and judgment.

Adjustments to contributions by employees and employers are accounted for when billed.

Participation deposits in the individual fund of the Caisse de dépôt et placement du Québec are recorded at cost.

3. Funds entrusted to the Caisse de dépôt et placement du Québec

	1989	1988
Participation deposits in the individual fund -- at cost * (realizable value 1989, $24 403 396; 1988, $21 753 304)	$23 004 000	$21 297 000
Demand deposits in the general fund	75 554	103 619
Revenue receivable from the individual fund	651 057	479 563
	$23 730 611	$21 880 182
* Number of units.	23 004	21 297

4. Funds under transfer to the Pension Plan of Elected Municipal officers

The Act respecting the Pension Plan of Elected Municipal Officers, in force since January 1, 1989, includes provisions allowing the redemption and transfer of years of prior service.

Accordingly, the member of a municipal council, who has participated in the Retirement Plan for the Mayors and Councillors of Municipalities, many see those years of service credited by requesting transfer to the Pension Plan of Elected Municipal Officers of the value of employee and employer contributions paid, plus accrued interest.

4. Funds under transfer to the Pension Plan of Elected Municipal officers (cont'd)

During the year, participants availed themselves of the provisions of the Act to that end so that the situation, regarding transfer requests for years of service from the Retirement Plan for the Mayors and Councillors of Municipalities to the Pension Plan of Elected Municipal Officers, is as follows:

	1989
Requests transmitted to the Commission for transfer of years of service	$1 661 376
Accrued interest on interplan adjustments at December 19, 1989	35 243
	1 696 619
Transfers made	205 990
Funds under transfer at December 31, 1989	$1 490 629

5. Plan commitments toward participants

Being a cost based pension plan, commitments with respect to benefits payable to participants correspond to the Plan's net assets.

6. Revenue from funds entrusted to the Caisse de dépôt et placement du Québec

	1989	1988
Revenue from participation deposits in the individual fund *	$1 612 126	$1 459 404
Interest on demand deposits in the general fund	13 917	10 078
	$1 626 043	$1 469 482

* This revenue includes for 1989 net gains on the sale of investments of $566 010 (in 1988, net losses of $282 942).

7. Comparative figures

Certain figures from the statement of changes in net assets for 1988 have been reclassified for consistency with the presentation adopted in 1989.

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

RETIREMENT PLAN FOR THE MAYORS AND COUNCILLORS OF MUNICIPALITIES

AUDITOR'S REPORT

I have examined the statement of net assets of the Retirement Plan for the Mayors and Councillors of Municipalities as at December 31, 1989 as well as the statement of changes in net assets for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the net assets of the Retirement Plan as at December 31, 1989 and the changes for the year then ended in accordance with the accounting policies disclosed in Note 2 applied on a basis consistent with that of the preceding year.

On behalf of the Auditor General of Québec,
Guy Breton, F.C.A.
Assistant Auditor General

Québec, April 23, 1990

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES
R.S.Q., c. R-10
SPECIAL PENSION PLANS

CHANGES IN NET ASSETS
for the year ended December 31, 1989

	1989		1988	
INCREASES				
Participants' contributions				
Contributions for current service	$159 031		$205 440	
Redemption and transfer of past service, including interest		$159 031	(1 282)	$204 158
Agencies' contributions for current service		280 004		407 280
Revenue from funds entrusted to the Caisse de dépôt et placement du Québec (Note 6)		3 785 405		2 893 663
Other interest revenue		931		1 042
		4 225 371		3 506 143
DECREASES				
Pensions	941 231		808 785	
Contribution refunds and transfers, including interest		941 231	(6 558)	802 227
NET INCREASE FOR THE YEAR		3 284 140		2 703 916
OPENING NET ASSETS		31 053 320		28 349 404
CLOSING NET ASSETS		$34 337 460		$31 053 320

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

SPECIAL PENSION PLANS

NET ASSETS
as at December 31, 1989

	1989	1988
ASSETS		
Funds entrusted to the Caisse de dépôt et placement du Québec (Note 3)	$34 239 973	$30 793 505
Cash	53 466	1 527
Contributions receivable	56 777	284 665
	34 350 216	31 079 697
LIABILITIES		
Excess contributions to be refunded	12 756	26 377
NET ASSETS (Notes 4 and 5)	$34 337 460	$31 053 320

Chairman of the Commission,

Michel Sanschagrin

Director of Finance of the Commission,

Michel Lagueux

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

SPECIAL PENSION PLANS

NOTES TO FINANCIAL STATEMENTS
December 31, 1989

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1. Purpose

The special pension plans listed in Note 5 were established by the Gouvernement du Québec. Management of the plans is the responsibility of the Commission administrative des régimes de retraite et d'assurances under the Act respecting the Government and Public Employees Retirement Plan. The Pension Plan for Employees of the Côte-des-Neiges Hospital Centre, the Pension Plan for Former Employees of the City of Saint-Laurent, the Pension Plan for the Chairman and Managing Director of the Commission de transport de la Communauté régionale de l'Outaouais as well as the Pension Plan for Former Employees of the City of Westmount are benefit based plans, whereas the other plans are of the cost based type.

2. Accounting policies

The financial statements of the special pension plans were prepared by management on the accrual basis and in accordance with and the accounting policies as disclosed hereunder. These statements include amounts based on best estimates and judgment.

Adjustments to employee and employer contributions are accounted for when billed.

Participation deposits in the individual fund of the Caisse de dépôt et placement du Québec are recorded at cost.

3. Funds deposited with the Caisse de dépôt et placement du Québec

	1989	1988
Participation deposits in the individual fund -- at cost * (realizable value 1989, $34 985 362; 1988, $30 720 653)	$33 213 000	$29 994 000
Demand deposits in the general fund	18 375	2 153
Revenue receivable from the individual fund	1 008 598	797 352
	$34 239 973	$30 793 505
* Number of units.	33 213	29 994

4. Plan commitments toward participants

An actuarial valuation of the Pension Plan for Employees of the Côte-des-Neiges Hospital Centre was carried out by the Commission's actuarial service based on population data at December 31, 1983. The valuation established actuarial commitments of that plan at $15 744 000 at that date, by the "aggregate actuarial cost" method.

The Commission's actuaries have estimated those actuarial commitments at $32 391 077 at December 31 1989.

As actuarial valuation of the Pension Plan for the Chairman and Managing Director of the Commission de transport de la Communauté régionale de l'Outaouais was carried out by the Commission's actuaries from population data at December 31, 1987. According to that valuation, this plan's actuarial commitments as at that date amounted to $301 305, computed by the "projected unit credit actuarial cost" method.

The Commission's actuaries have estimated these commitments to be $416 296 at December 31, 1989.

Actuarial valuations for benefit based plans must be performed at least once every three years. Actuarial valuations for the pension plans for former employees of the City of Saint-Laurent and for former employees of the City of Westmount, established respectively in 1982 and 1984, have not been performed since those plans got under way. In the case of the Pension Plan for Employees of the Côte-des-Neiges Hospital Centre, the latest valuation occurred as at December 31, 1983. Those valuations will be performed by Commission actuaries in 1990, from population data at December 31, 1987.

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5. Net assets of special pension plans

	1989	1988
Cost based plans		
Pension Plan for the President of the Société d'aménagement de l'Outaouais (O.C. 2660-76)	$167 245	$148 886
Pension Plan for the Chairman of the Conseil de la Communauté régionale de l'Outaouais (O.C. 2661-76)	329 718	293 932
Pension Plan for the Chairman and Managing Director of the Société de transport de la Rive-Sud de Montréal (O.C. 3863-76)	81 087	72 184
Pension Plan for the Chairman and Managing Director of the Commission de transport de la Ville de Laval (O.C. 4104-76)	73 338	71 133
Pension Plan for the Chairman of the Comité exécutif de la Communauté urbaine de Québec (O.C. 2-77)	104 327	106 959
Benefit based plans		
Pension Plan for Employees of the Côte-des-Neiges Hospital Centre (O.C. 307-78, 2407-81)	32 391 077	29 263 122
Pension Plan for Former Employees of the City of Saint-Laurent (O.C. 842-82)	428 016	421 323
Pension Plan for the Chairman and Managing Director of the Commission de transport de la Communauté régionale de l'Outaouais (O.C. 2662-76)	523 070	459 088
Pension Plan for Former Employees of the City of Westmount (O.C. 2176-84)	239 584	216 693
	$34 337 460	$31 053 320

6. Revenue from funds entrusted to the Caisse de dépôt et placement du Québec

	1989	1988
Revenue from participation deposits in the individual fund *	$3 772 725	$2 889 079
Interest on demand deposits in the general fund	12 680	4 584
	$3 785 405	$2 893 663

* Includes net gains of $913 986 (1988: $438 410) on the sale of investments.

7. Comparative figures

Certain figures for 1988 have been reclassified for consistency with the presentation adopted in 1989.

OPINION OF THE ACTUARIAL SERVICE OF THE COMMISSION CONCERNING COMMITMENTS OF THE PENSION PLAN FOR EMPLOYEES OF THE COTE-DES-NEIGES HOSPITAL CENTRE

The actuarial service of the Commission performed an actuarial valuation of this Plan based on data from December 31, 1988.

The purpose of the valuation was to determine future payments in regard to actual pensions, pending pensions, and vested benefits for participants who are still employed.

The valuation revealed commitments amounting to $15 744 000 at that date. The amount of actuarial commitments of this pension plan, described in the first paragraph of Note 4 to these financial statements, constitutes a reserve sufficient to cover these payments. In the opinion of the actuaries who performed this valuation, these commitments are based on sufficient and reliable data, on assumptions that are adequate and appropriate, in accordance with methods that make use of sound actuarial principles according to the policies of the Canadian Institute of Actuaries.

Actuarial service of the Commission

Québec, May 10, 1990

OPINION OF THE ACTUARIAL SERVICE OF THE COMMISSION CONCERNING COMMITMENTS OF THE PENSION PLAN FOR THE CHAIRMAN AND MANAGING DIRECTOR OF THE COMMISSION DE TRANSPORT DE LA COMMUNAUTE REGIONALE DE L'OUTAOUAIS

We hereby certify that the actuarial commitments mentioned in the third paragraph of Note 4 to the present financial statements constitute, in our opinion, a reserve sufficient to cover future payments in regard to present pensions, pending pensions and vested benefits for participants who are still employed.

These commitments derive from actuarial valuations using data from December 31, 1987 and amounted to $301 325 at that date. In our opinion, these commitments are based on sufficient and reliable data, on assumptions we consider adequate and appropriate, and in accordance with methods that make use of sound actuarial principles according to the policies of the Canadian Institute of Actuaries.

Michel Laflamme, A.S.A.
Head of the Actuarial service

Paul Robitaille, F.I.C.A., F.S.A.
Actuarial service

Québec, May 10, 1990

AUDITOR'S REPORT

I have examined the statement of net assets of the special pension plans as at December 31, 1989 as well as the statement of changes in net assets for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the net assets of the special pension plans as at December 31, 1989 and the changes for the year then ended in accordance with the accounting policies disclosed in Note 2 applied on a basis consistent with that of the preceding year.

On behalf of the Auditor General of Québec,
Guy Breton, F.C.A.
Assistant Auditor General

Québec, May 25, 1990

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES
R.S.Q., c. R-10
BASIC LIFE INSURANCE PLAN FOR EMPLOYEES OF THE PUBLIC AND PARAPUBLIC SECTORS
SUPPLEMENTARY LIFE INSURANCE PLAN FOR EMPLOYEES AND PENSIONERS OF THE
COMMISSION DE LA SANTÉ ET DE LA SÉCURITÉ DU TRAVAIL
RECEIPTS AND DISBURSEMENTS
for the year ended December 31, 1989

	1989	1988
RECEIPTS		
Basic plan -- employer contributions by agencies	$118 926	$123 571
Supplementary plan -- employee premiums and employer contributions	114 504	55 468
Receipts remitted to the Consolidated Revenue Fund of the Gouvernement du Québec	$233 430	$179 039
DISBURSEMENTS		
Death benefits paid		
Basic plan	$3 929 200	$3 779 200
Supplementary plan	72 400	117 800
Benefits paid by the Gouvernement du Québec	$4 001 600	$3 897 000

Chairman of the Commission,

Michel Sanschagrin

Director of Finance of the Commission,

Michel Lagueux

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES
BASIC LIFE INSURANCE PLAN FOR EMPLOYEES
OF THE PUBLIC AND PARAPUBLIC SECTORS
SUPPLEMENTARY LIFE INSURANCE PLAN FOR EMPLOYEES AND PENSIONERS OF THE
COMMISSION DE LA SANTÉ ET DE LA SÉCURITÉ DU TRAVAIL
NOTES TO FINANCIAL STATEMENTS
December 31, 1989

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1. Purpose

The basic life insurance plan for employees of the public and parapublic sectors provides for the payment of death benefits, under certain conditions.

The supplementary life insurance plan applies only to certain employees and pensioners of the Commission de la santé et de la sécurité du travail and provides for the payment of death benefits, under certain conditions.

2. Accounting policy

The financial statement for these two plans was prepared by management on the cash basis.

AUDITOR'S REPORT

I have examined the statement of receipts and disbursements of the Basic Life Insurance Plan for Employees of the Public and Parapublic Sectors and the Supplementary Life Insurance Plan for Employees and Pensioners of the Commission de la santé et de la sécurité du travail for the year ended December 31, 1989. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, this financial statement present fairly the receiptes and disbursements of these life insurance plans for the year then ended December 31, 1989 in accordance with the accounting policies disclosed in Note 2 applied on a basis consistent with that of the preceding year.

The Auditor General of Québec,
Rhéal Chatelain, F.C.A.

Québec, April 4, 1990

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES
R.S.Q., c. R-10
TRUST FUND CONCERNING THE GROUP INSURANCE PLAN FOR MEMBERS OF THE SYNDICAT DES FONCTIONNAIRES PROVINCIAUX DU QUÉBEC
FUNDS FLOW
For the year ended December 31, 1989

	1989	1988
SHORT-TERM DEPOSITS AT THE BEGINNING	$130 725	$119 963
Interest collected	15 162	10 762
SHORT-TERM DEPOSITS AT THE END	$145 887	$130 725

Chairman of the Commission,

Michel Benechagrin

Director of Finance of the Commission,

Michel Lagueux

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES
TRUST FUND CONCERNING THE GROUP INSURANCE PLAN FOR MEMBERS OF THE SYNDICAT DES FONCTIONNAIRES PROVINCIAUX DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS
December 31, 1989

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1. Constitution and purpose

The trust fund concerning the group insurance plan was created by the Gouvernement du Québec following settlement of a grievance filed by the Syndicat des fonctionnaires provinciaux du Québec seeking to maintain the Government's required contribution to the health insurance plan provided for under the terms of the 1968-1971 collective agreement, following the coming into force of the Health Insurance Act.

This fund and the revenue it earns are used, with the joint agreement of the Syndicat and the Commission, toward premium rebates or the purchase of additional group insurance for the exclusive benefit of civil servants and other employees who are members of this union.

2. Accounting policy

The financial statement of this trust fund was prepared by management on the cash basis.

AUDITOR'S REPORT

I have examined the statement of funds flow of the trust fund concerning the Group Insurance Plan for Members of the Syndicat des fonctionnaires provinciaux du Québec for the year ended December 31, 1989. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, this financial statement present fairly the funds flow of the trust fund for the year ended December 31, 1989 in accordance with the accounting policies disclosed in Note 2.

The Auditor General of Québec,
Rhéal Chatelain, F.C.A.

Québec, March 21, 1990

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES
R.S.Q., c. R-10

COST OF PENSIONS TO PUBLIC AND PARAPUBLIC SENIOR OFFICIALS' SURVIVORS

for the year ended December 31, 1989

	1989	1988
Premiums	$14 142 767	$18 840 416
Rebates		831 520
Net cost of premiums	14 142 767	18 008 896
Less: Employer contributions by agencies	2 878 276	597 258
COST OF SURVIVORS' PENSIONS ASSUMED BY THE GOUVERNEMENT DU QUÉBEC	$11 264 491	$17 411 638

Chairman of the Commission,

Michel Sanschagrin

Director of Finance of the Commission,

Michel Laqueux

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

COST OF PENSIONS TO PUBLIC AND PARAPUBLIC SENIOR OFFICIALS' SURVIVORS

NOTES TO FINANCIAL STATEMENTS
December 31, 1989

---

1. Purpose

The Gouvernement du Québec assumes the contributions for pensions to surviving family members of senior officials in the public and parapublic sectors and retrieves part of this cost from certain of its agencies. These contributions are established mainly from the present value of pending pensions and their related administrative expenses.

2. Accounting policy

The financial statement of the cost of pensions to surviving family members of senior officials in the public and parapublic sectors was prepared by management on the cash basis.

AUDITOR'S REPORT

I have examined the statement of cost of pensions to public and parapublic senior officials' survivors for the year ended December 31, 1989. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statement present fairly the cost of pensions to public and parapublic senior officials' survivors for the year ended December 31, 1989 in accordance with the accounting policies disclosed in Note 2 applied on a basis consistent with that of the preceding year.

The Auditor General of Québec,
Rhéal Chatelain, F.C.A.

Québec, April 10, 1990

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES
R.S.Q., c. R-10

ADMINISTRATIVE EXPENSES
for the year ended December 31, 1989

	1989	1988
Salaries, wages, allowances and other remuneration	$12 865 436	$11 817 782
Transportation and communication services	739 123	658 729
Professional, administrative and other services	3 165 378	3 109 842
Maintenance and repairs	170 755	96 785
Rent	1 695 741	1 531 535
Supplies	400 606	402 344
Machinery and equipment	1 087 622	189 988
Interest on overpaid contributions, other interest and miscellaneous expenses	736 319	285 845
	20 860 980	18 092 850
Assumed costs:		
Autonomous agencies concerning the Basic Income Insurance Plan	71 310	69 693
Municipalities concerning the Pension Plan of Elected Municipal Officers	308 461	
EXPENDITURE ASSUMED BY THE GOUVERNEMENT DU QUÉBEC	$20 481 209	$18 023 157

Chairman of the Commission,

Michel Sanschagrin

Director of Finance of the Commission,

Michel Lagueux

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

ADMINISTRATIVE EXPENSES

NOTES TO FINANCIAL STATEMENTS
December 31, 1989

---

1. Purpose and funding

The Commission administrative des régimes de retraite et d'assurances is charged with administering the Government and Public Employees Retirement Plan and any other pension or insurance plan whose management is assigned to the Commission by an Act or by the Gouvernement du Québec.

The Gouvernement du Québec assumes the Commission's administrative expenses, except those that are assumed by autonomous agencies concerning the basic income insurance plan in the civil service, social affairs and education sectors and those assumed by municipalities concerning the Pension Plan of Elected Municipal Officers.

2. Accounting policies

The statement of administrative expenses was prepared by management on the cash basis.

Acquisitions of machinery and equipment as well as leasehold improvements are charged to administrative expenses.

The cost of fringe benefits granted to Commission employees is assumed by the Gouvernement du Québec and is not shown in this financial statement.

3. Comparative figures

Certain figures for 1988 have been reclassified for consistency with the presentation adopted in 1989.

AUDITOR'S REPORT

I have examined the statement of administrative expenses of the Commission administrative des régimes de retraite et d'assurances for the year ended December 31, 1989. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, this financial statement present fairly the administrative expenses of the Commission for the year ended December 31, 1989 in accordance with the accounting policies disclosed in Note 2 applied on a basis consistent with that of the preceding year.

The Auditor General of Québec,
Rhéal Chatelain, F.C.A.

Québec, April 4, 1990

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES
R.S.Q., c. R-10
PENSION PLAN OF ELECTED MUNICIPAL OFFICERS
R.S.Q., c. R-9.3
CHANGES IN NET ASSETS
for the year ended December 31, 1989

INCREASES		
Contributions by participants		
Contributions for current service	$1 413 447	
Transfers and redemption of past service	744 968	$2 158 415
Contributions by municipalities		
Contributions for current service	2 816 241	
Transfers and redemption of past service	2 014 764	4 831 005
Revenue from funds entrusted to the Caisse de dépôt et placement du Québec		126 646
Other interest revenue		2 200
		7 118 266
DECREASES		
Pensions	19 373	
Contribution refunds and transfers, including interest	433	
Administrative expenses (Note 7)	88 461	108 267
NET INCREASE DURING THE YEAR AND NET ASSETS AT THE END		$7 009 999

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

PENSION PLAN OF ELECTED MUNICIPAL OFFICERS

NET ASSETS
as at December 31, 1989

ASSETS

Funds entrusted to the Caisse de dépôt et placement du Québec (Note 3)	83 874 538
Cash	382 177
Employee and employer contributions receivable	646 324
Accounts receivable -- transfers and redemption of service (Note 4)	2 355 433
Deferred administrative expenses (Note 5)	220 000
	7 478 472

LIABILITIES

Contributions to be refunded and pensions payable	942
Early receipt of funds -- redemption of service	159 070
Administrative expenses to be repaid to the Gouvernement du Québec	308 461
	468 473
NET ASSETS (Note 6)	87 009 999

Chairman of the Commission,

Michel Sarrachagrin

Director of Finance of the Commission,

Michel Lagueux

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

PENSION PLAN OF ELECTED MUNICIPAL OFFICERS

NOTES TO FINANCIAL STATEMENTS
December 31, 1989

---

1. Purpose and funding

Purpose

The Pension Plan of Elected Municipal Officers, administered by the Commission administrative des régimes de retraite et d'assurances, was constituted under the Act respecting the Pension Plan of Elected Municipal Officers (R.S.Q., c. R-9.3 and amendments) which came into force January 1, 1989.

The purpose of the Act respecting the Pension Plan of Elected Municipal Officers is to provide the members of a local municipality council with a benefit based pension plan replacing the Retirement Plan for the Mayors and Councillors of Municipalities existing since 1975. The new plan particularly improves the retirement conditions of elected municipal officers by providing access to a pension in keeping with their remuneration, indexed for the cost of living, revertible at 60% to the surviving spouse and vested in the participant after two years. This Act allows a municipality to recognize redemption rights for present councillors and, where such is the case, for former members as regards their prior years of service with the council since 1975.

This pension plan applies to elected council members of a local municipality adhering to it by a by-law adopted for that purpose. It provides, among others, retirement and death benefits and the refunding under certain conditions of contributions with interest. A year of service is credited for each year of participation.

Funding

The participant's contribution is fixed at 10% of his pensionable earnings. The municipality, the mandatory body or the supramunicipal body give a transitional contribution computed through a factor determined by Government regulation.

For year 1989, the factor used to compute this transitional contribution is set at 2,14 times the participant's contribution.

2. Accounting policies

The financial statements of the Pension Plan of Elected Municipal Officers were prepared by management on the accrual basis in accordance with the accounting policies as disclosed hereunder. These statements include amounts based on best judgment and estimates.

Adjustments to employees' and employers' contributions are accounted for at their billing date.

The plan's start-up costs are deferred and then charged to operations over a five-year period.

3. Funds entrusted to the Caisse de dépôt et placement du Québec

Demand deposits in the general fund	93 839 375
Accrued interest	35 163
	93 874 538

4. Amounts receivable -- transfers and redemption of service

The plan's constitutive Act includes provisions for redeeming or transferring years of past service.

Therefore, a municipal councillor participating in a pension plan in which his municipality participated between December 31, 1974 and January 1, 1989 may have those service years credited by requesting the transfer, to this plan, of the value of employees' and employers' contributions paid, increased by accrued interest, with the employer assuming the difference between this sum and the cost under this plan.

The member who has not participated in a pension plan during that period may redeem those years of service by paying the contribution that would have been levied under the Retirement Plan for the Mayors and Councillors of Municipalities (5,5%), increased by interest that would have accumulated if it had been paid. The employer assumes the difference between this sum and the cost under this plan.

COMMISSION ADMINISTRATIVE DES RÉGIMES DE RETRAITE ET D'ASSURANCES

PENSION PLAN OF ELECTED MUNICIPAL OFFICERS

NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31, 1989

---

4. Amounts receivable -- transfers and redemption of service (cont'd)

Employees' and employers' contributions and interest in process of transfer from the Retirement Plan for the Mayors and Councillors of Municipalities	$1 490 629
Amount receivable from participants for redemption of service years	132 652
Amount receivable from employers for redemption and transfer	732 152
	$2 355 433

5. Deferred administrative expenses

Plan's start-up costs	$275 000
Amortization for the year	55 000
Unamortized balance	$220 000

6. Actuarial commitments of the plan toward participants

Under the provisions of the Act respecting the Pension Plan of Elected Municipal Officers, employees' contributions and transitional employers' contributions are deposited with the Caisse de dépôt et placement du Québec to ensure future payment of benefits vested in participants. Sums remitted through transfers and redemption of service years are treated similarly.

The plan began operations on January 1, 1989. The Commission did not conduct an actuarial valuation and therefore did not estimate the actuarial commitments at December 31, 1989.

An actuarial valuation should be prepared by the Commission's actuaries from data at December 31, 1990.

7. Administrative expenses

The amounts required by the Commission for the year's administrative expenses are drawn from the transitional employers' contributions.

Administrative expenses for 1989 comprise those of the year, amounting to $33 461, as well as a sum of $55 000 representing the amortization over five years of the plan's start-up costs.

AUDITOR'S REPORT

I have examined the statement of net assets of the Pension Plan of Elected Municipal Officers as at December 31, 1989 as well as the statement of changes in net assets for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the net assets of the Pension Plan as at December 31, 1989 and the changes for the year then ended in accordance with the accounting policies disclosed in Note 2.

On behalf of the Auditor General of Québec,
Guy Breton, F.C.A.
Assistant Auditor General

Québec, April 30, 1990

COMMISSION D'APPEL EN MATIÈRE DE LÉSIONS PROFESSIONNELLES
R.S.Q., c. A-3.001

REVENUE AND EXPENDITURE
for the year ended March 31, 1990

	1990	1989
EXPENDITURE		
Salaries and wages	$6 058 724	$4 040 713
Transportation and communication	752 347	685 243
Professional services	932 911	709 790
Rent and maintenance	1 425 816	879 116
Supplies	414 307	314 239
Machinery and equipment	1 133 385	331 239
Other	10 516	5 607
	10 728 006	6 965 947
REVENUE		
Interest on bank deposits	115 049	61 769
Other	5 030	1 474
	120 079	63 243
EXPENDITURE IN EXCESS OF REVENUE	10 607 927	6 902 704
Contribution from the Commission de la santé et de la sécurité du travail	10 821 800	6 264 877
CONTRIBUTION AND REVENUE IN EXCESS OF EXPENDITURE	$213 873	($637 827)

FUND BALANCE
for the year ended March 31, 1990

	1990	1989
OPENING (DEFICIT) BALANCE	($196 321)	$441 506
Contribution and revenue in excess of expenditure	213 873	(637 827)
CLOSING (DEFICIT) BALANCE	$17 552	($196 321)

COMMISSION D'APPEL EN MATIÈRE DE LÉSIONS PROFESSIONNELLES

BALANCE SHEET
as at March 31, 1990

	1990	1989
ASSETS		
CURRENT ASSETS		
Cash	$905 651	$9 890
Accounts receivable	29 675	22 340
Accrued interest	16 759	3 398
Advances for travelling expenses	23 500	13 838
	$975 585	$49 466
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$958 033	$245 787
FUND (DEFICIT) BALANCE	17 552	(196 321)
	$975 585	$49 466

COMMITMENTS (Note 3)

On behalf of the Commission d'appel,

G. Lalonde

COMMISSION D'APPEL EN MATIÈRE DE LÉSIONS PROFESSIONNELLES

NOTES TO FINANCIAL STATEMENTS
March 31, 1990

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1. Constitution, activities and financing

The Commission d'appel en matière de lésions professionnelles is an agency instituted under the Act respecting industrial accidents and occupational diseases (R.S.Q., c. A-3.001 and amendments).

The Commission d'appel has exclusive jurisdiction to hear any appeal lodged under the Act respecting industrial accidents and occupational diseases, as well as any appeal lodged under sections 37.3 and 193 of the Act respecting occupational health and safety.

The amounts required by the Commission d'appel for its operations are drawn from the Commission d'appel fund, which is made up of amounts paid by the Commission de la santé et de la sécurité du travail according to terms and conditions determined by the Government.

These financial statements present the operations of the Commission d'appel fund instituted under section 394 of its Act of incorporation, as well as the operations of the Commission d'appel.

2. Accounting policies

The financial statements of the Commission d'appel were prepared by management on the accrual basis and in accordance with the accounting policies as disclosed hereunder. Those statements include amounts based on best estimates and judgment.

Machinery and equipment

Acquisitions of machinery and equipment are charged to operations.

Pension Plan

The employer contribution to the Government and Public Employees Retirement Plan (RREGOP) and to the Civil Service Superannuation Plan (CSSP) is assumed by the Gouvernement du Québec and is not shown in the statement of revenue and expenditure.

3. Commitments

The Commission d'appel is bound under leases and by a long-term lease proposal, maturing at various dates until March 31, 2002 for office space. The lease proposal includes a six-year renewal option.

The rent for the year ended March 31, 1990 on those premises amounts to $1 399 527.

Minimum future payments will be as follows:

1991	$ 1 175 530
1992	1 070 800
1993	1 070 800
1994	1 070 800
1995	1 070 800
1996 and thereafter	9 002 650
	$14 461 380

COMMISSION D'APPEL EN MATIÈRE DE LÉSIONS PROFESSIONNELLES

AUDITOR'S REPORT

I have examined the balance sheet of Commission d'appel en matière de lésions professionnelles as at March 31, 1990 as well as the statement of revenue and expenditure and the statement of fund balance for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission d'appel as at March 31, 1990 and the results of its operations for the year then ended in accordance with the accounting policies disclosed in Note 2 applied on a basis consistent with that of the preceding year.

The Auditor General of Québec,
Rhéal Chatelain, F.C.A.

Québec, June 25, 1990

COMMISSION DE LA CONSTRUCTION DU QUÉBEC
R.S.Q., c. R-20
GENERAL FUND

REVENUE AND EXPENDITURE AND FUND BALANCE
for the year ended December 31, 1989
(in thousands of dollars)

	1989	1988
REVENUE		
Contributions	36 915	32 516
Fines and penalties	1 009	1 264
Investment earnings	1 230	702
Other	739	639
	39 893	35 122
EXPENDITURE		
Employee remuneration and personnel management	30 258	28 002
Administrative expenses	9 952	8 821
Office space	2 242	1 930
Depreciation on fixed assets	1 325	1 066
Advertising and public relations	66	79
Vocational development	399	271
Bad debts	21	42
	44 263	40 211
EXPENDITURE IN EXCESS OF REVENUE BEFORE THE FOLLOWING:	4 370	5 089
Expenses charged to the supplemental pension and insurance plans	7 900	6 865
Funds in trust used for Commission administration:		
Transfer of interest from the holiday and vacation pay fund	2 991	2 551
Transfer of unidentified or unclaimed compensation and claims (Notes 3 and 4)	206	102
	11 097	9 518
REVENUE IN EXCESS OF EXPENDITURE	6 727	4 429
OPENING FUND BALANCE	8 910	4 481
CLOSING FUND BALANCE	15 637	8 910

COMMISSION DE LA CONSTRUCTION DU QUÉBEC

GENERAL FUND

CHANGES IN FINANCIAL POSITION
for the year ended December 31, 1989
(in thousands of dollars)

	1989	1988
OPERATING ACTIVITIES		
Revenue in excess of expenditure	6 727	4 429
Items not affecting liquid assets:		
Depreciation on fixed assets	1 325	1 046
Gain on disposal of fixed assets	(336)	(1)
	7 716	5 474
Changes in assets and liabilities related to operations	(2 080)	985
Funds generated by operating activities	5 636	6 459
FINANCING ACTIVITIES		
Long-term borrowings	487	2 633
Repayment of long-term borrowings	(851)	(600)
Funds (absorbed) generated by financing activities	(364)	2 033
INVESTMENT ACTIVITIES		
Acquisition of fixed assets	(4 543)	(4 841)
Proceeds of disposal of fixed assets	405	5
Funds used by investment activities	(4 138)	(4 836)
INCREASE IN LIQUID ASSETS	1 134	3 656
OPENING LIQUID ASSETS (DEFICIENCY)	1 472	(2 184)
CLOSING LIQUID ASSETS	2 606	1 472

The Commission's liquid assets include cash, investments and accrued interest, less outstanding cheques and amounts owed to the Trust funds.

COMMISSION DE LA CONSTRUCTION DU QUÉBEC

GENERAL FUND

BALANCE SHEET
as at December 31, 1989
(in thousands of dollars)

	1989	1988
ASSETS		
CURRENT ASSETS		
Investments and accrued interest (Note 5)	11 012	7 734
Contributions receivable from employers	2 995	3 054
Accounts receivable (Note 6)	1 261	1 048
Owed by the Trust funds	1 613	1 357
Prepaid expenses	422	254
	17 303	13 447
FIXED ASSETS (Note 7)	12 080	8 931
	29 383	22 378
LIABILITIES		
CURRENT LIABILITIES		
Outstanding cheques less cash	445	76
Owed to the Trust funds	7 961	6 186
Accounts payable and accrued expenses	2 115	2 815
Deposits and excess contributions	519	1 321
Instalments on the long-term debt (Note 8)	807	806
	11 847	11 204
LONG-TERM DEBT (Note 8)	1 899	2 264
	13 746	13 468
FUND BALANCE	15 637	8 910
	29 383	22 378

COMMITMENTS (Note 11)

On behalf of the Board of Directors,

Alcide Fournier, President and Managing director
Hugues Ferron, Secretary

COMMISSION DE LA CONSTRUCTION DU QUÉBEC
TRUST FUNDS
HOLIDAY AND VACATION PAY FUND

CHANGES IN ASSETS
for the year ended December 31, 1989
(in thousands of dollars)

	1989	1988
SOURCE OF FUNDS		
Contributions received for annual vacation and statutory holidays	232 564	196 762
Investment earnings	18 284	14 497
Decrease in accounts payable	1 286	(41)
	252 134	211 218
APPLICATION OF FUNDS		
Payments to employees		
Holiday and vacation pay compensation	211 983	193 231
Interest on indemnities	12 561	10 364
Transfers to the general fund		
Interest	2 991	2 551
Compensation payable to unidentified employees or unclaimed for more than 3 years (Note 3)	92	63
	227 627	206 209
INCREASE IN ASSETS	24 507	5 009
OPENING FUND ASSETS	137 931	132 922
CLOSING FUND ASSETS	162 438	137 931

COMMISSION DE LA CONSTRUCTION DU QUÉBEC
TRUST FUNDS
HOLIDAY AND VACATION PAY FUND

ASSETS AND LIABILITIES
as at December 31, 1989
(in thousands of dollars)

	1989	1988
ASSETS		
Cash		57
Investments and accrued interest (Note 5)	162 296	137 786
Accounts receivable	62	49
Owed by the complementary account of the supplemental pension plan	47	39
Owed by the general account of the supplemental pension plan	33	
	162 438	137 931
LIABILITIES		
Outstanding cheques less cash	1 414	
Owed to the general account of the supplemental pension plan		215
Owed to the general fund	462	494
Owed to the basic insurance plan	1	
Accounts payable	72	201
Holiday and vacation pay and interest payable to employees	159 997	136 668
Compensation payable to unidentified employees or unclaimed (Note 3)	492	353
	162 438	137 931

On behalf of the Board of Directors,

Alcide Fournier, President and Managing director
Hugues Ferron, Secretary

COMMISSION DE LA CONSTRUCTION DU QUÉBEC
TRUST FUNDS

BACK PAY FUND
ASSETS AND LIABILITIES
as at December 31, 1989
(in thousands of dollars)

	1989	1988
ASSETS		
Owed by the general fund	302	171
LIABILITIES		
Claims payable to employees	145	96
Claims received payable to unidentified employees (Note 4)	157	75
	302	171

On behalf of the Board of Directors,

Alcide Fournier, President and Managing director
Hugues Ferron, Secretary

CHANGES IN ASSETS
for the year ended December 31, 1989
(in thousands of dollars)

	1989	1988
SOURCE OF FUNDS		
Claims collected	3 110	2 437
APPLICATION OF FUNDS		
Claims paid to employees	2 865	2 407
Transfer to the general fund of collected claims payable to employees who remained unidentified after 3 years (Note 4)	114	39
	2 979	2 446
INCREASE (DECREASE) IN ASSETS	131	(9)
OPENING FUND ASSETS	171	180
CLOSING FUND ASSETS	302	171

COMMISSION DE LA CONSTRUCTION DU QUÉBEC
TRUST FUNDS

EMPLOYER CONTRIBUTIONS FUND
ASSETS AND LIABILITIES
as at December 31, 1989
(in thousands of dollars)

	1989	1988
ASSETS		
Owed by the general fund	1 955	1 335
LIABILITIES		
Contributions to be remitted	1 955	1 335

On behalf of the Board of Directors,

Alcide Fournier, President and Managing director
Hugues Ferron, Secretary

CHANGES IN ASSETS
for the year ended December 31, 1989
(in thousands of dollars)

	1989	1988
SOURCE OF FUNDS		
Contributions collected	7 645	6 321
APPLICATION OF FUNDS		
Contributions remitted	7 025	6 790
INCREASE (DECREASE) IN ASSETS	620	(469)
OPENING FUND ASSETS	1 335	1 804
CLOSING FUND ASSETS	1 955	1 335

COMMISSION DE LA CONSTRUCTION DU QUÉBEC
TRUST FUNDS

UNION CONTRIBUTIONS FUND
ASSETS AND LIABILITIES
as at December 31, 1989
(in thousands of dollars)

	1989	1988
ASSETS		
Owed by the general fund	1 285	711
LIABILITIES		
Contributions to be remitted	1 285	711

On behalf of the Board of Directors,

Alcide Fournier, President and Managing director
Hugues Ferron, Secretary

CHANGES IN ASSETS
for the year ended December 31, 1989
(in thousands of dollars)

	1989	1988
SOURCE OF FUNDS		
Contributions collected	31 383	26 760
APPLICATION OF FUNDS		
Contributions remitted	30 716	29 031
Decrease (increase) in unidentified and unaffiliated contributions	93	(120)
	30 809	28 911
INCREASE (DECREASE) IN ASSETS	574	(2 151)
OPENING FUND ASSETS	711	2 862
CLOSING FUND ASSETS	1 285	711

SPECIAL COMPENSATION FUND
BALANCE SHEET
as at December 31, 1989
(in thousands of dollars)

	1989	1988
ASSETS		
Owed by the general fund	4 408	3 962
LIABILITIES		
Compensation payable to employees following employer insolvency	262	111
EQUITY	4 146	3 851
	4 408	3 962

On behalf of the Board of Directors,

Alcide Fournier, President and Managing director
Hugues Ferron, Secretary

CHANGES IN EQUITY
for the year ended December 31, 1989
(in thousands of dollars)

	1989	1988
SOURCE OF FUNDS		
Contributions by employers	2 305	2 146
Compensation recovered	856	593
	3 161	2 739
APPLICATION OF FUNDS		
Compensation paid to employees following employer insolvency	2 848	2 331
Compensation paid to employees for jury duty	18	34
	2 866	2 365
INCREASE IN EQUITY	295	374
OPENING EQUITY	3 851	3 477
CLOSING EQUITY	4 146	3 851

COMMISSION DE LA CONSTRUCTION DU QUÉBEC
TRUST FUNDS
SUPPLEMENTAL PENSION PLANS FUND
GENERAL ACCOUNT
CHANGES IN EQUITY
for the year ended December 31, 1989
(in thousands of dollars)

	1989	1988
SOURCE OF FUNDS		
Employee and employer contributions	186 579	165 640
Investment earnings	3 824	1 410
Earnings from funds deposited with the Caisse de dépôt et placement du Québec	192 922	146 821
	383 325	313 871
APPLICATION OF FUNDS		
Lump-sump benefits and contribution refunds	14 276	13 655
Interest on contributions refunded	581	525
Expenses charged by the general fund	7 701	6 650
Managements fees	17	24
Regular transfer to the pensioners account	84 893	69 467
Special transfer to the pensioners account concerning unidentified contributions	10 965	
	118 433	90 321
INCREASE IN EQUITY	264 892	223 550
OPENING EQUITY	1 651 924	1 428 374
CLOSING EQUITY	1 916 816	1 651 924

COMMISSION DE LA CONSTRUCTION DU QUÉBEC
TRUST FUNDS
SUPPLEMENTAL PENSION PLANS FUND
GENERAL ACCOUNT
BALANCE SHEET
as at December 31, 1989
(in thousands of dollars)

	1989	1988
ASSETS		
Cash		291
Invesments and accrued interest (Note 5)	64 660	23 122
Funds deposited with the Caisse de dépôt et placement du Québec (Note 9)	1 867 455	1 629 033
Owed by the holiday and vacation pay fund		215
Owed by the pensioners account		674
	1 932 115	1 653 335
LIABILITIES		
Outstanding cheques less cash	159	
Accounts payable	117	101
Owed to the general fund	1 151	844
Owed to the basic insurance plans	858	273
Owed to the complementary account	139	193
Owed to the pensioners account	12 842	
Owed to the holiday and vacation pay fund	33	
	15 299	1 411
EQUITY	1 916 816	1 651 924
	1 932 115	1 653 335

On behalf of the Board of Directors,

Alcide Fournier, President and Managing director
Hugues Ferron, Secretary

COMMISSION DE LA CONSTRUCTION DU QUÉBEC
TRUST FUNDS
SUPLEMENTAL PENSION PLANS FUND
PENSIONERS ACCOUNT
CHANGES IN EQUITY
for the year ended December 31, 1989
(in thousands of dollars)

	1989	1988
SOURCE OF FUNDS		
Earnings from funds deposited with the Caisse de dépôt et placement du Québec	63 166	51 683
Investment earnings	3 364	837
Regular transfer from the general account	84 893	69 467
Special transfer from the general account concerning unidentified contributions	10 965	
Transfer from the complementary account	1 354	648
	163 742	122 635
APPLICATION OF FUNDS		
Pension benefits	93 282	84 221
Lump-sum benefits and contributions refunded	512	542
	93 794	84 763
INCREASE IN EQUITY	69 948	37 872
OPENING EQUITY	558 996	521 124
CLOSING EQUITY	628 944	558 996

COMMISSION DE LA CONSTRUCTION DU QUÉBEC
TRUST FUNDS
SUPPLEMENTAL PENSION PLANS FUND
PENSIONERS ACCOUNT
BALANCE SHEET
as at December 31, 1989
(in thousands of dollars)

	1989	1988
ASSETS		
Investments and accrued interest (Note 5)	13 840	20 582
Funds deposited with the Caisse de dépôt et placement du Québec (Note 9)	602 251	539 085
Owed by the general fund	11	4
Owed by the general account	12 842	
	628 944	559 671
LIABILITIES		
Owed to the general account		674
Owed to the complementary account		1
		675
EQUITY	628 944	558 996
	628 944	559 671

On behalf of the Board of Directors,

Alcide Fournier, President and Managing director
Hugues Ferron, Secretary

COMMISSION DE LA CONSTRUCTION DU QUÉBEC
TRUST FUNDS
SUPPLEMENTAL PENSION PLANS FUND
COMPLEMENTARY ACCOUNT
CHANGES IN EQUITY
for the year ended December 31, 1989
(in thousands of dollars)

	1989	1988
SOURCE OF FUNDS		
Employee contributions	44 626	27 982
Earnings from funds deposited with the Caisse de dépôt et placement du Québec	12 601	7 662
Investment earnings	1 345	299
	58 572	35 943
APPLICATION OF FUNDS		
Lump-sum benefits and contributions refunded	2 602	1 525
Transfer to the pensioners account	1 354	648
Expenses charged by the general fund	183	198
	4 139	2 371
INCREASE IN EQUITY	54 433	33 572
OPENING EQUITY	109 272	75 700
CLOSING EQUITY	163 705	109 272

COMMISSION DE LA CONSTRUCTION DU QUÉBEC
TRUST FUNDS
SUPPLEMENTAL PENSION PLANS FUND
COMPLEMENTARY ACCOUNT
BALANCE SHEET
as at December 31, 1989
(in thousands of dollars)

	1989	1988
ASSETS		
Investments and accrued interest (Note 5)	17 911	7 656
Funds deposited with the Caisse de dépôt et placement du Québec (Note 9)	149 495	104 895
Owed by the general account	139	193
Owed by the pensioners account		1
	167 545	112 745
LIABILITIES		
Owed to the supplemental insurance plans	3 333	2 555
Owed to the holiday and vacation pay fund	47	39
Owed to the basic insurance plans	460	877
Owed to the general fund		2
	3 840	3 473
EQUITY	163 705	109 272
	167 545	112 745

On behalf of the Board of Directors,

Alcide Fournier, President and Managing director
Hugues Ferron, Secretary

COMMISSION DE LA CONSTRUCTION DU QUÉBEC
TRUST FUNDS
BASIC INSURANCE PLANS FUND

CHANGES IN EQUITY
for the year ended December 31, 1989
(in thousands of dollars)

	1989	1988
SOURCE OF FUNDS		
Employer contributions	61 877	40 888
Optional employee contributions	2 517	1 471
Investment earnings	7 759	6 040
Decrease in contributions to cover obligations concerning plan amendments	91	
	72 244	48 399
APPLICATION OF FUNDS		
Claims	55 478	38 218
Increase in contributions to cover obligations concerning plan amendments		129
Management fees -- claims and premiums	596	1 430
Increase in the actuarial reserve	9 917	14 489
	65 991	54 266
INCREASE (DECREASE) IN EQUITY	6 253	(5 867)
OPENING DEFICIENCY IN ASSETS	(6 181)	(314)
EQUITY (DEFICIENCY IN ASSETS) AT THE END	72	(6 181)

COMMISSION DE LA CONSTRUCTION DU QUÉBEC
TRUST FUNDS
BASIC INSURANCE PLANS FUND

BALANCE SHEET
as at December 31, 1989
(in thousands of dollars)

	1989	1988
ASSETS		
Investments and accrued interest (Note 5)	81 347	64 913
Owed by the general account of the supplemental pension plan	858	273
Owed by the complementary account of the supplemental pension plan	460	877
Owed by the holiday and vacation pay fund	1	
Advances on claims	879	693
	83 545	66 756
LIABILITIES		
Outstanding cheques less cash	634	228
Owed to the general fund		17
Accounts payable	649	390
Contribution to cover obligations concerning plan amendments	1 536	1 627
Unused optional insurance contributions	427	365
Actuarial reserve (Note 10)	80 227	70 310
	83 473	72 937
EQUITY (DEFICIENCY IN ASSETS)	72	(6 181)
	83 545	66 756

On behalf of the Board of Directors,

Alcide Fournier, President and Managing director
Hugues Ferron, Secretary

COMMISSION DE LA CONSTRUCTION DU QUÉBEC
TRUST FUNDS
SUPPLEMENTAL INSURANCE PLANS FUND
CHANGES IN EQUITY
for the year ended December 31, 1989
(in thousands of dollars)

	1989	1988
SOURCE OF FUNDS		
Employer contributions	957	619
Investment earnings	365	217
	1 322	836
APPLICATION OF FUNDS		
Claims	512	641
Management fees -- claims	17	22
Increase in the actuarial reserve	453	9
Expenses charged by the general fund	16	17
	998	689
INCREASE IN EQUITY	324	147
OPENING EQUITY	1 953	1 806
CLOSING EQUITY	2 277	1 953

BALANCE SHEET
as at December 31, 1989
(in thousands of dollars)

	1989	1988
ASSETS		
Owed by the complementary account of the supplemental pension plan	3 333	2 555
LIABILITIES		
Actuarial reserve (Note 10)	1 056	602
EQUITY	2 277	1 953
	3 333	2 555

On behalf of the Board of Directors,

Alcide Fournier, President and Managing director
Hugues Ferron, Secretary

NOTES TO FINANCIAL STATEMENTS
December 31, 1989

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1. Constitution and purpose

Created under the Act respecting labour relations, vocational training and manpower management in the construction industry (R.S.Q., c. R-20), the Commission de la construction du Québec is a corporation within the meaning of the Civil Code and is responsible for applying the collective agreement or Construction Decree and all fringe benefit plans, as well as for vocational training and manpower management in the construction industry.

2. Accounting policies

The financial statements of the Commission were prepared by management in accordance with the accounting policies as disclosed below. These statements include amounts based on best estimates and judgment.

Investments and accrued interest

Investments are recorded at cost, except for bonds which are shown at amortized cost.

Employer contributions receivable

Amounts withheld by employers during December for remittance in January are entered as accounts receivable as at December 31.

Fixed assets

Fixed assets are recorded at cost and depreciated over their expected service life, by the straight-line method at the following annual rates:

Buildings	2 1/2%
Office furniture and equipment	10%
Data processing equipment	20% or length of the lease
Computer software	33 1/3%

Leases

When, according to the terms of a lease, virtually all the advantages and risks of ownership are transferred to the Commission, the asset and the obligations arising from a capital lease are recorded at the present value of future instalments, as though the asset had been purchased and a loan contracted. Assets covered by capital leases are amortized by the same method as other fixed assets.

Rent due under the terms of an operating lease are charged to results.

Funds deposited with the Caisse de dépôt et placement du Québec

Participation deposits

Participation deposits in individual funds of the Caisse de dépôt et placement du Québec are recorded at adjusted cost since 1988. The adjusted cost consists of:

- the portion of participation deposits representing shares, which is recorded based on market value. Changes in value are charged to operations by the straight-line method of amortization over a five-year period;

- the portion of participation deposits representing other investments is shown at the amortized cost;

- the unamortized balance of gains and losses resulting from the sale of investments. Those gains and losses are deferred and then charged to operations by the straight-line method over a five-year period for shares and over a three-year period for the other investments.

Payments to employees from the special compensation fund

Compensation is entered upon proof of employer insolvency.

2. Accounting policies (cont'd)

Salaries and wages

Salaries, wages and fringe benefits are recorded on the accrual basis, except for accrued vacation pay and severance pay, which are entered on the cash basis.

Collection of claims, fines, penalties and recovered compensation

In the general fund, claims against employers are recorded when received, as are fines, penalties and compensation recovered by the special compensation fund.

Employer and employee contributions, vacation pay, claims against employers

These trust fund revenues are recorded upon receipt of the employers' monthly reports or when cashed.

Interfund transfers and charges

The cost of administering the pensioners account in the supplemental pension plan and the basic insurance plans is assumed by the general account of the supplemental pension plan.

Administrative expenses of certain trust funds are assumed by the general fund.

For its own administration, the Commission transfers from the holiday and vacation pay fund interest and unidentified compensation whose beneficiaries have remained unknown for three years on January 1 of that year, as well as sums held in trust for salary claims from employees who remain unidentified for three years on December 31 of that year.

3. Unidentified or unclaimed compensation in the holiday and vacation pay fund

The balance at December 31, 1989 of unidentified or unclaimed compensation shown as a liability in the balance sheet of the holiday and vacation pay fund at $492 000 includes, for years 1986, 1987, 1988 and 1989, the compensation for holiday and vacation pay unidentified at December 31, 1989 as well as cheques outstanding for 60 days or more.

Holiday compensation earned by employees more than three years ago and collected at December 31, 1988, but whose beneficiary's name or address remain unidentified, were transferred in 1989 from the balance sheet of the holiday and vacation pay fund to the statement of revenue, expenditure and fund balance of the general fund.

4. Claims collected on behalf of unidentified employees

The Commission uses for its own administration those sums held in trust, arising from claims on behalf of employees who at December 31 of that year remain unidentified for three years. Amounts collected prior to December 31, 1986 which remained unidentified at December 31, 1989 were transferred from the balance sheet of the special compensation fund to the statement of revenue, expenditure and fund balance of the general fund during year 1989.

5. Investments and accrued interest
(in thousands of dollars)

	1989	1988
Cash	559	435
Term deposits	211 201	138 387
Bonds (market value: $130 311 408 in 1989 and $115 126 716 in 1988)	131 665	117 455
Accrued interest	7 641	5 516
	351 066	261 793

NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31, 1989

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5. Investments and accrued interest (cont'd)
(in thousands of dollars)

These investments and accrued interest are distributed among the funds as follows:

	1989	1988
General fund	11 012	7 734
Trust funds:		
Holiday and vacation pay	162 296	137 786
Supplemental pension plan -- general account	64 660	23 122
Supplemental pension plan -- pensioners account	13 840	20 582
Supplemental pension plan -- complementary account	17 911	7 656
Basic insurance plans	81 347	64 913
	351 066	261 793

6. Accounts receivable
(in thousands of dollars)

	1989	1988
Employees	530	523
Allowance for doubtful accounts	517	517
	13	6
Employers -- accounts receivable recorded upon receipt of monthly reports	824	666
Other	424	376
	1 261	1 048

7. Fixed assets
(in thousands of dollars)

	1989			1988
	Cost	Accumulated depreciation	Net	Net
Land	790		790	489
Buildings	8 583	2 455	6 128	3 659
Furniture and equipment	2 659	1 347	1 312	959
Data processing equipment	1 391	590	801	683
Computer software	1 078	650	428	420
	14 501	5 042	9 459	6 210
Assets under capital leases:				
Furniture and equipment	1 350	250	1 100	961
Data processing equipment	2 652	1 131	1 521	1 760
	4 002	1 381	2 621	2 721
	18 503	6 423	12 080	8 931

8. Long-term debt

(in thousands of dollars)

	1989	1988
Mortgage loan, repayable by monthly instalments of $4 193, including principal and interest, interest fixed for five years at 11,5% yearly, maturing March 1, 2008	390	396
Commitments under capital leases, 9,0% to 13,875%, maturing up to 1993	2 316	2 674
	2 706	3 070
Instalments due within one year	807	806
	1 899	2 264

Instalments on the long-term debt over the next five fiscal years are as follows:

	Commitments under capital leases	Mortgage loan
1990	1 013	50
1991	902	50
1992	487	50
1993	214	50
1994	136	50
Total minimum payments	2 752	
Interest included in minimum payments	436	
	2 316	

9. Funds deposited with the Caisse de dépôt et placement du Québec

(in thousands of dollars)

Supplemental pension plan funds deposited with the Caisse de dépôt et placement du Québec break down as follows:

	1989		1988	
	Acquisition cost or adjusted cost	Market value	Acquisition cost or adjusted cost	Market value
General account				
Demand deposits *	7	7	5	5
Participation deposits**	1 867 448	2 011 994	1 629 028	1 694 269
	1 867 455	2 012 001	1 629 033	1 694 274
Pensioners account				
Demand deposits*	11	11	7	7
Participation deposits**	602 240	651 863	539 078	563 058
	602 251	651 874	539 085	563 065
Complementary account				
Demand deposits*	8	8	6	6
Participation deposits**	149 487	152 171	104 889	105 005
	149 495	152 179	104 895	105 011
	2 619 201	2 816 054	2 273 013	2 362 350

* In the general fund of the Caisse.

** In individual funds of the Caisse held for each account of the supplemental pension plan.

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10. Actuarial reserves
(in thousands of dollars)

Under a self-management method for construction workers' insurance plans, the Commission assumes a limited share of the risks, secures certain insurance guarantees and delegates the task of settling certain claims.

At December 31, 1989, the Commission reserved from the accumulated funds the necessary amounts as follows:

	Group insurance fund			
	1989		1988	
	Basic plan fund	Supplemental plan fund	Basic plan fund	Supplemental plan fund
Reserves (1)	49 425		42 542	
Insurance liabilities (2)	30 802	1 056	27 768	602
Actuarial reserves (3)	80 227	1 056	70 310	602

(1) These are the reserves held for self-management purposes to cover the following items: benefit payments incurred but not reported and monthly disability pensions.

(2) These amounts represent the minimum reserves required, calculated as at December 31, 1989.

(3) Maximum reserves amount to $106 252 729 and $1 398 370 respectively for funds of the basic plan fund and the supplemental plan fund.

11. Commitments

The Commission is bound under long-term leases coming to term at various dates up to June 30, 1995 for its office space. Some of these leases include a five-year renewal option.

Rent for the fiscal year ended December 31, 1989 for this office space amounts to $877 975 ($626 431 in 1988). Future minimum rent is as follows:

1990	$881 180
1991	699 057
1992	345 320
1993	229 538
1994	58 358
1995 and thereafter	29 179
	$ 2 242 632

12. Supplemental pension plan for employees of the Commission de la construction du Québec

The Supplemental pension plan for Commission employees is a defined benefit plan. It provides pension and death benefits and is compulsory for all permanent employees.

The cost of this plan is shared between employees and the Commission. The Commissions's contribution to the plan, charged to operations for the fiscal year, amounts to $1 714 669 ($1 865 679 in 1988). Commission obligations toward the plan are limited to its contributions for current service as employer.

The latest actuarial valuation, dated November 1987, showed a funding excess of $3 332 904 after plan improvements at January 1, 1987.

ACTUARIAL OPINION

concerning the supplemental pension plan for employees of the construction industry in Québec, as part of an actuarial report dated September 21, 1989.

The plan was valued at December 31, 1989 on the basis of data supplied as of January 1, 1989 which we consider sufficient and reliable for valuation purposes.

In our opinion, according to the level of the basic pensions and of the temporary supplement percentage, as set by Decree 34-89, published February 1, 1989, the plan is fully funded and remains funded until December 31, 1989 and

a) the adjusted value of assets in the general account will show an excess estimated at $130 795 000 over the plan's obligations;

b) the adjusted value of assets in the pensioners account will show an excess estimated at $30 527 000 over the plan's obligations.

We believe this actuarial opinion to be based on a valuation made from assumptions we consider adequate and appropriate, and in accordance with methods that make use of sound actuarial principles.

Respectfully submitted for your consideration,

Yves Guérard, F.S.A., F.I.C.A., F.C.A.
Dolorès Page, F.S.A., F.I.C.A.

Montréal, September 21, 1989

ACTUARIAL OPINION

concerning the basic insurance plans for employees of the construction industry in Québec, as part of an actuarial report dated April 26, 1990.

Obligations at December 31, 1989 of the basic plans were valued according to data provided by the Commission and assuming net assets of $80 369 459 at that date.

In our opinion,

a) total obligations at December 31, 1989 of the basic plans, including a provision for projected benefits over the next six months covering hours worked prior to December 31, 1989 in accordance with section 127(a), are $142 664 lower than the net assets of the plans;

b) the combination of this excess with the present contribution rate of $0,50/hour is sufficient to fund the obligations of the plans, including expenses, considering the hours worked by participants during the three years beginning January 1, 1990.

We believe this actuarial opinion to be based on a valuation made from assumptions we consider adequate and appropriate, and in accordance with methods that make use of sound actuarial principles.

Respectfully submitted for your consideration,

Jean-Guy Côté, A.S.A.
Georges A. Ferland, F.S.A., F.I.C.A.

Montréal, April 26, 1990

ACTUARIAL OPINION

concerning the supplemental insurance plans for electricians working in the construction industry in Québec, as part of Appendix A of an actuarial report dated April 26, 1990.

Obligations at December 31, 1989 of the supplemental plans were valued according to data provided by the Commission and assuming net assets of $3 326 682 at that date.

In our opinion,

a) total obligations at December 31, 1989 of the supplemental plans, including a provision for projected benefits over the next six (6) months covering hours worked prior to December 31, 1989 in accordance with section 127(a), are $2 270 834 lower than net plan assets;

b) the combination of this excess with the present contribution rate of $0,06/hour is sufficient to fund the supplemental plans' obligations, including expenses, given the hours worked by participants over three years beginning January 1, 1990.

We believe this actuarial opinion to be based on a valuation founded on assumptions we consider adequate and appropriate, and in accordance with methods that make use of sound actuarial principles.

Respectfully submitted for your consideration,

Jean-Guy Côté, A.S.A.
Georges A. Ferland, F.S.A., F.I.C.A.

Montréal, April 27, 1990

PURPOSE OF THE FUNDS

General fund

The general fund was established to report on activities involved in applying the collective agreement or any order-in-council adopted under the Act respecting labour relations, vocational training and manpower management in the construction industry, including the administration of any supplemental fringe benefit plan or of other measures assigned by the Act.

The fund also covers the claims of contruction industry employees and employers which remain unsettled or were not paid in accordance with the applicable regulations. The fund does not make provision for covering employee claims against employers where liability has not been determined and legal proceedings have been instituted.

Trust funds

Holiday and vacation pay fund

This fund reports on paid statutory holidays and annual vacation pay as well as interest earned on behalf of employees of the construction industry, under sections 20.06 and 20.07 of the construction industry Decree.

Back pay fund

This fund reports on salary claims made by the Commission on behalf of construction industry employees under section 81 of the Act respecting labour relations, vocational training and manpower management in the construction industry.

Employer contributions fund

This fund reports on employer contributions on behalf of the Association des entrepreneurs en construction du Québec under section 40 of the Act respecting labour relations, vocational training and manpower management in the construction industry.

Union contributions fund

This fund reports on union contributions on behalf of construction industry employees under section 38 of the Act respecting labour relations, vocational training and manpower management in the construction industry.

Special compensation fund

This fund reports on employer contributions used to compensate employees for loss of wages and fringe benefits as a result of employer insolvency or when called upon for jury duty, in accordance with section 31.01 of the construction industry Decree.

Supplemental pension plans and insurance plans funds

These funds were created under the regulation concerning supplemental fringe benefits in the construction industry so as to provide funding for the supplemental pension plan and the insurance plans.

Supplemental pension plan

A pension fund was established as an account for employer and employee contributions and to fund benefits payable under the supplemental pension plan.

The balance sheet of the supplemental pension plan is broken down into three separate accounts: the general account, the pensioners account and the complementary account.

The general account is funded by employee and employer contributions and the complementary account by the supplemental portion of contributions.

These accounts provide funding for lump-sum benefits and pay death or severance benefits as well as the amount that may be transferred to the pensioners' account for payment of annuities.

Supplemental pension plans and insurance plans funds (cont'd)

Supplemental pension plan (cont'd)

The assets and obligations of the supplemental pension plan with respect to current pension benefits payable from the general and the complementary account must be grouped into a separate pensioners account according to the aforementioned regulation. When obligations are transferred to the pensioners account from another account, assets are also transferred to provide for the payment of benefits. Revenue on its assets is paid into the account.

Insurance plans

A group insurance fund was established to handle premiums and fund the payment of benefits and compensation under the insurance plans, as well as premiums required to keep in force any insurance contract subscribed by the Commission for supplemental fringe benefit plans.

A supplemental group insurance fund was established to handle electricians' supplemental premiums and to fund the payment of supplemental insurance plan premiums and expenses.

AUDITOR'S REPORT

I have examined the balance sheet of the general fund of the Commission de la construction du Québec as at December 31, 1989 as well as the statement of revenue and expenditure and fund balance and the statement of changes in financial position for the year then ended.

I have also examined the balance sheets or statements of assets and liabilities of the following trust funds under the administration of the Commission de la construction du Québec as at December 31, 1989 as well as the statements of changes in assets or equity for the year then ended:

holiday and vacation pay fund
back pay fund
employer contributions fund
union contributions fund
special compensation fund
supplemental pension plans fund-general account
supplemental pension plans fund-pensioners account
supplemental pension plans fund-complementary account
basic insurance plans fund
supplemental insurance plans fund

My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the funds of the Commission as at December 31, 1989 and the results of the operations and the changes in the financial position of the general fund as well as the changes in assets or equity of the trust funds for the year then ended in accordance with the accounting policies disclosed in Note 2 applied on a basis consistent with that of the preceding year.

The Auditor General of Québec,
Rhéal Chatelain, F.C.A.

Québec, May 11, 1990

COMMISSION DE LA SANTÉ ET DE LA SÉCURITÉ DU TRAVAIL
R.S.Q., c. S-2.1

INCOME AND EXPENDITURE
for the year ended December 31, 1989
(in thousands of dollars)

	1989	1988
INCOME		
Employers assessments (Note 1)	1 530 181	1 437 703
Investment income and interest on assessments	428 742	315 195
Other income	7 369	1 087
	1 966 292	1 753 985
EXPENDITURE		
Compensation programs (Note 4)		
Benefits paid	973 739	904 076
Increase in actuarial reserve	274 863	135 094
Decrease in the actuarial reserve resulting from changes in assumptions and the method of calculation	(9 535)	(15 235)
	1 239 067	1 023 935
Protective reassignment of pregnant or breast-feeding workers program		
Benefits paid	49 777	38 879
Increase in actuarial reserve	4 403	271
	54 180	39 150
Prevention programs (Note 5)	67 421	68 291
Administration expenses (Note 6)	168 638	140 482
Other costs (Note 7)	36 306	19 822
	272 365	228 595
REIMBURSEMENT OF ASSESSMENTS (Note 13)	25 400	187 000
DEVIATIONS CONCERNING THE REAL RATE OF RETURN (Note 16)	162 201	172 157
	1 753 213	1 650 837
EXCESS OF INCOME OVER EXPENSES (Note 8)	213 079	103 148

UNFUNDED LIABILITY
for the year ended December 31, 1989
(in thousands of dollars)

	1989	1988
BALANCE AT BEGINNING		
Balance already established	(2 257 232)	(2 360 380)
Adjustment as of January 1, 1989 Amortization of the provision for deviations concerning the real rate of return for the years 1986 to 1988 inclusive (Note 3)	29 004	
Adjusted balance	(2 228 228)	(2 360 380)
Excess of income over expenses	213 079	103 148
BALANCE AT END	(2 015 149)	(2 257 232)

BALANCE SHEET
as at December 31, 1989
(in thousands of dollars)

	1989	1988
ASSETS		
Cash and temporary investments	256 874	350 218
Assessments receivable and other receivables (Note 9)	195 323	158 580
Funds entrusted to the Caisse de dépôt et placement du Québec (Note 10)	3 386 178	2 677 521
Real estate selling price balances (Note 11)	16 280	16 868
Fixed assets (Note 12)	22 368	19 916
	3 877 023	3 223 103
LIABILITIES		
Accounts payable and accrued liabilities	27 074	21 524
Assessments collected in advance	17 216	7 870
Provisions for reimbursement of assessments (Note 13)	158 431	187 000
Deposits by employers personally responsible for paying benefits	24 137	23 772
Balance due on Civil Service Superannuation Plan (Note 14)	36 300	38 247
Investment income posted (Note 15)	161 080	136 916
Provision for deviations concerning the real rate of return (Notes 3 and 16)	540 644	407 447
Actuarial reserve (Note 17)	4 927 290	4 657 559
	5 892 172	5 480 335
UNFUNDED LIABILITY	2 015 149	2 257 232
	3 877 023	3 223 103

COMMITMENTS AND CONTINGENCIES (Note 18)

For the Board of Directors,

Louis Laberge
Ghislain Dufour

NOTES TO FINANCIAL STATEMENTS
December 31, 1989

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1. Incorporation, functions and financing

The Commission de la santé et de la sécurité du travail was incorporated under the Québec Civil Code on March 13, 1980 by the Act respecting occupational health and safety (R.S.Q., chapter S-2.1). In the scope of this Act, its duty is to develop, to propose and to implement policies for the health and safety of workers to ensure a better work environment. It collects from employers the sums required for the enforcement of the Act, except the costs of inspection, which are reimbursed by the Gouvernement du Québec.

Under the Workmen's Compensation Act and the Act respecting industrial accidents and occupational diseases, the Commission is responsible for assessing employers annually, according to its mode of financing and after actuarial valuation at the rate applicable to the units in which the employers are classified.

The Commission elects the mode of financing it deems fit to meet commitments as they are incurred to avoid unduly burdening employers later with compensation payment attributable to past employment injuries.

The Act respecting industrial accidents and occupational diseases allows the Commission to fully fund the cost of employment injuries which occurred in 1989 and after, and to reduce the actuarial deficit (unfunded liability), as the case may be. For the years 1984 to 1988, the Commission had to collect a sum equal to 90% of the sum required for the payment of benefits to which beneficiaries are entitled for employment injuries occurring during each of these years respectively and could not recover the actuarial deficit for employment injuries which occurred before January 1, 1986. The main object of the Act to amend the Act respecting industrial accidents and occupational injuries (1989, chapter 74), assented to on December 20, 1989 and brought into force on January 1, 1990, is to enable the Commission to determine a new method of assessment and to reimburse employers for certain credits accumulated under the assessment method in force before the assessment year 1990. Under the Crime Victims Compensation Act and the Act to promote good citizenship, the Commission has a duty to pay benefits or other indemnities to claimants. The sums required for the application and the administration of these Acts are reimbursed by the Gouvernement du Québec.

Capitalization policy

The Commission's concept of full capitalization holds that assets should be equal to liabilities, without aiming to maintain a surplus.

Measures were taken to balance assets and liabilities as quickly as possible while maintaining the objectives of equity, respect for the fund, stability, and prevention.

This policy provides a mechanism for rebalancing the capitalization ratio and serves to:

- introduce a mechanism for amortizing the provision for deviations concerning the real rate of return, without interest, over an eight (8) year period;
- account for the credits which should have been applied to fiscal years 1986 to 1989, as if the amortization mechanism of the provision for deviations concerning the real rate of return had been applied retroactively to the year 1984;
- adjust the assessment as of fiscal year 1990, in order to eliminate the unfunded liability as of December 31, 1989, over a twenty (20) year period;
- capitalize and to amortize without interest, during subsequent rate assessments, the surplus and deficits that will occur as of 1990 over various periods depending on the nature of the deviations.

2. Accounting policies

The Commission's financial statements have been prepared by management using the accrual method of accounting and the accounting policies outlined below. These statements include figures based on the best professional judgments and estimates.

a) Employers assessments

Assessment income is determined on the basis of provisional payrolls reported by employers to whom the rate schedule set by the Commission applies. At the end of the year, this income is adjusted to take into account the anticipated difference between the estimated wages and those actually subject to the assessment.

NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31, 1989

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2. Accounting policies (cont'd)

b) Investment income

Gains and losses resulting from the sale of individual investment funds in the Caisse de dépôt et placement du Québec are posted and amortized. The difference between the market value of the portion of participation deposits represented by stocks and their cost as of December 31 is progressively entered into the books. This amortization and the progressive posting, which figure in the income for the fiscal year, are calculated according to the straight-line depreciation method over a five (5) year period.

c) Funds entrusted to the Caisse de dépôt et placement du Québec

Participation deposits

The participation deposits in the individual fund of the Caisse de dépôt et placement du Québec are entered at their adjusted value, that is, a value based on the market value for the part of these deposits represented by stocks.

This adjusted value is made up of the following:

- the cost of acquiring units of participation deposits, as well as
- the progressive postings of the difference between the market value of stock investments and their cost according to the method mentioned in the accounting policy of investment income.

d) Fixed assets

Fixed assets are stated at their original cost and depreciated in relation to their estimated useful life, on the straight-line depreciation method at the following annual rates:

Buildings	2½%
Furniture and equipment	10%
Rolling stock	25%
Computer equipment	20%
Telecommunications system	20%
Leasehold improvements	Duration of lease

e) Provision for deviations concerning the real rate of return

The provision for deviations concerning the real rate of return is made up of the experience surpluses or deficits attributable to an assumed real rate of return of 3% per annum. This assumption is used to determine the current value of future payments subject to indexation. The particularly long term of the Commission's commitments concerning the pensions paid, and experience show that the real rate of return is subject to major changes from year to year. The object of providing for deviations concerning the real rate of return is to present the experience surpluses or deficits attributable to this assumption, separately, in the statement of income and expenditure.

The annual change in this provision is amortized under the straight-line depreciation method without interest, over a period of eight (8) years from the second year following this observation. This amortization will be considered as a discount or a debit to employers, as need be, during subsequent assessments.

This new practice of amortizing the annual change in this provision will have the effect of modifying the application of the 3% per annum assumption, which was then used to determine the present estimated value of future payments subject to indexation.

f) Actuarial reserve

Present estimated value of future payments to employment injury victims and pregnant or breast-feeding workers.

This reserve includes the current estimated value of all future payments to be made for employment injuries and protective reassignments of pregnant or breast-feeding workers which occurred during the current fiscal year and during previous years among employers required to contribute.

This reserve includes provisions for cases which have already been the subject of benefit claims and for victims whose claim will reach the Commission after the end of the current fiscal year. This reserve also includes provisions for victims who are now being compensated or will eventually be compensated following a relapse, a recurrence or an aggravation.

2. Accounting policies (cont'd)

g) Claims against third parties

Claims against third parties responsible for industrial accidents are deducted from paid benefits upon their receipt.

3. Amendment of an accounting policy
(in thousands of dollars)

Provision for deviations concerning the real rate of return

The Commission adopted an amortization method for amortizing the provision for deviations concerning the real rate of return retroactively as described in Note 2e. This provision had never been amortized previously. The amount of amortization of the provision for fiscal years 1986 to 1988 has been accounted for as of January 1, 1989, directly into the statement of unfunded liability for the year ended December 31, 1989. The annual depreciation for 1989 is reflected in the statement of income and expenditure.

The financial statements for the year ended December 31, 1988 were not adjusted to reflect this change.

This change in the accounting policy led to an increase (decrease) in the following items in this year's financial statements:

	1989
Balance sheet	
Actuarial reserve	(599 059)
Provision for deviations concerning the real rate of return	540 644
Unfunded liability	(58 415)
Statement of income and expenditure	
Compensation programs	(191 612)
Deviations concerning the real rate of return	162 201
Excess of income over expenditure	29 411

4. Compensation programs
(in thousands of dollars)

	1989	1988
Cost of employment injuries that occurred during the year		
Benefits paid	268 139	250 394
Increase in actuarial reserve *	629 772	574 637
	897 911	825 031
Cost of employment injuries that occurred in previous years		
Benefits paid	705 600	653 682
Decrease in actuarial reserve	(354 909)	(439 543)
Decrease in actuarial reserve resulting from changes in assumptions and in calculation method	(9 535)	(15 235)
	341 156	198 904
Overall cost of compensation programs *	1 239 067	1 023 935

* The annual variation in the provision for deviations concerning the real rate of return appeared in the previous years' financial statements in the cost of compensation programs, in the actual increase in the actuarial reserve.

NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31, 1989

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4. **Compensation programs** (cont'd)
(in thousands of dollars)

Compensation program costs are divided as follows:

	1989	1988
Benefits paid		
Medical assistance	156 181	146 638
Temporary disability	49 717	64 607
Income replacement	444 427	389 317
Bodily injury	91 563	29 334
Permanent disability	175 275	187 782
Death	56 576	86 398
	973 739	904 076
Increase in actuarial reserve	265 328	119 859
	1 239 067	1 023 935

5. **Prevention programs**
(in thousands of dollars)

	1989	1988
Payments for occupational health services and others	36 912	38 616
Subsidy to the Institut de recherche en santé et en sécurité du travail du Québec	14 069	13 400
Subsidies for training and information		
Joint sector-based associations	11 280	10 708
Union and employer associations	5 150	5 058
Other associations	10	509
	67 421	68 291

6. **Administration expenses**
(in thousands of dollars)

	1989	1988
Salary and fringe benefits	122 198	107 129
Training and professional development	475	534
Travel expenses	5 890	5 059
Postage, courier and telecommunications	7 782	6 551
Communications and information	2 965	1 763
Professional services -- Computing	4 296	4 548
Professional services -- Administration	14 972	11 866
Maintenance and repair -- Computing equipment	2 653	2 590
Maintenance and repair -- Fixed assets and others	3 895	1 402
Material and supplies	7 541	5 500
Space rental	12 592	11 415
Equipment rental -- Computing	6 264	5 065
Equipment rental -- Others	844	774
Insurance, taxes, power supply	1 691	1 781
Other expenses and services	1 357	984
Depreciation -- Fixed assets	5 605	4 470
Amounts carried forward	201 020	171 431

NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31, 1989

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6. Administration expenses (cont'd)
(in thousands of dollars)

	1989	1988
Amounts brought forward	201 020	171 431
Costs transferred		
Gouvernement du Québec		
-- Inspections	24 514	23 133
-- Administration of the Crime Victims Compensation Act and the Act to promote good citizenship	1 993	1 841
Government of Canada and its agencies for administration of the Government Employees Compensation Act	2 879	1 567
Employers personally required to pay benefits	2 339	3 837
Other costs transferred	657	571
	32 382	30 949
	168 638	140 482

7. Other costs
(in thousands of dollars)

	1989	1988
Bad debts	23 572	10 626
Administrative expenses of the Commission d'appel en matière de lésions professionnelles	9 758	6 035
Civil Service Superannuation Plan		
-- Interest on balance due	2 976	3 161
	36 306	19 822

8. Excess of income over expenditure
(in thousands of dollars)

The excess income over expenditure for the year 1989 is explained by the following variations in the 1989 assessment:

	1989	
	Increase	(decrease)
This fiscal year's financial needs		
Assessments and other income	15 773	
Compensation programs (1989 injuries)	77 989 *	
Protective reassignment of pregnant or breast-feeding workers program (1989 withdrawals)	(4 852)	
Prevention programs	9 179	
Administration and other expenses	(3 168)	
Margin for unfavourable deviations	47 700 **	142 621
Financial needs of previous fiscal years		
Assessments	18 177	
Compensation programs (injuries prior to 1989)	13 603	
Protective reassignment of pregnant or breast-feeding workers program (withdrawals prior to 1989)	(636)	31 144
Exceptional deviations		
Reimbursements of assessments to employers with respect to credits accumulated under the method of assessment in force before January 1, 1990		(25 400)

NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31, 1989

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8. **Excess of income over expenditure** (cont'd)
(in thousands of dollars)

Other deviations		
Loss of profits in investment income due to net unfunded liability for the recapitalization provision	(56 721) ***	
Provision for the Canada Supreme Court judgment rendering the Act respecting occupational health and safety inapplicable to businesses under federal jurisdiction	46 000 ****	
Provision for the recalculation policy	44 100 ****	
Amortization of the provision for deviations concerning the real rate of return	29 411 *****	
Others	1 924	64 714
		213 079

* This $78,0 million surplus is mainly attributable to the fact that, on the one hand, the number of victims was lower than that anticipated for in the rate set for 1989 for an amount of $40,7 million, and on the other hand, to the lower average cost per victim in medical assistance than anticipated in the rate set for 1989 for an amount of $27,2 million.

** This surplus is the product of a 5% margin in the cost of employment injuries anticipated in the 1989 rate assessment, to minimize the possibility of deficits or declines in the capitalization ratio.

*** This deficit consists of $161,7 million, representing a loss of profits in investment income due to unfunded liability, reduced by a provision of $105,0 million anticipated in the 1989 rate assessment, for recapitalization purposes.

**** These two items, for which no expense appears in the present financial statements, had been included in the financial needs for the 1989 rate assessment. Indeed, it had been initially planned to absorb, during the 1989 fiscal year, $46 million in expenses comprising reimbursements to businesses under federal jurisdiction, which, according to a Supreme Court decision, should not have been assessed for prevention-related costs. In addition, an amount of $44.1 million, representing the annual depreciation over a three (3) year period, of reimbursements estimated at $125 million following the lift of the moratorium on the enforcement of sections 99.3, 99.5, and 111.7 of the Workmen's Compensation Act, had been provided for in fiscal year 1989. These two items have already been the subject of an expenditure during fiscal year 1988 and thus generated a surplus for this year.

***** A $29.4 million surplus in 1989, resulted from the amortization of the provision for deviations concerning the real rate of return, since it had not been taken into consideration during the 1989 rate assessment. The retrospective application of this amortization is a follow-up to the capitalization policy adopted by the Commission in 1990.

9. **Assessments receivable and other receivables**
(in thousands of dollars)

	1989	1988
Assessments receivable	115 509	95 412
Estimate of income accrued from assessments	66 300	43 047
Sums receivable from the Gouvernement du Québec for inspection *	10 323	15 671
Overpayment of claims receivable	32 029	19 906
Other receivables	12 752	8 844
	236 913	182 880
Less		
Provision for bad debts **	41 590	24 300
	195 323	158 580

* Under section 249 of the Act respecting occupational health and safety any amount required for the enforcement of the Act and inspection regulations is taken from the monies appropriated annually by Legislature for this purpose.

** An amount of $8 590 020 has been set aside to be recovered from the Gouvernement du Québec. It consists of $6 157 208 for the period between July 1985 and December 1988, and $2 432 812 for 1989.

10. Funds entrusted to the Caisse de dépôt et placement du Québec
(in thousands of dollars)

	1989	1988
Individual fund		
Participation deposits at cost (Market value in thousands of $ 1989: 3 438 669; 1988: 2 653 540 Number of units 1989: 3 207 607; 1988: 2 548 020)	3 207 607	2 548 020
Plus:		
Progressive entries of the difference between the market value of stock securities and their cost	94 628	66 955
Participation deposits at adjusted cost	3 302 235	2 614 975
Income receivable	83 934	62 270
	3 386 169	2 677 245
General fund		
Demand deposits	9	276
	3 386 178	2 677 521

The undepreciated balance of the difference between the market value of stock securities and their cost is set at $101 881 622 for 1989 (1988: $35 250 478).

Percentage distribution of portfolio according to cost

	1989	1988
Bonds	51,75	58,36
Convertible stocks and shares	27,92	29,94
Mortgage financing	4,44	4,59
Real estate investments	4,43	2,48
Short-term securities	9,90	2,72
Demand deposits	0,01	0,10
Other assets	1,55	1,81
	100,00	100,00

11. Real estate selling price balances
(in thousands of dollars)

	1989	1988
Secured by first mortgage, reimbursable by annuities of $403 085 maturing on December 31, 1998, rate 7 ½%	2 556	2 749
Secured by assignment of subsidy to be paid by the Gouvernement du Québec, reimbursable by annuities of $1 454 705, maturing on December 31, 2006, rate 7 ½%	13 724	14 119
	16 280	16 868

NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31, 1989

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12. Fixed assets

(in thousands of dollars)

	1989			1988
	Cost	Accumulated depreciation	Net	Net
Land	728		728	728
Buildings	9 914	3 984	5 930	6 175
Furniture and equipment	14 825	10 759	4 066	4 199
Rolling stock	515	248	267	119
Leasehold improvements	5 283	3 069	2 214	2 177
Computer equipment	21 992	13 408	8 584	6 301
Telecommunications system	1 814	1 235	579	217
	55 071	32 703	22 368	19 916

The acquisitions and disposals of the fiscal year at the cost price are respectively $8 145 309 (1988: $7 590 963) and $401 157 (1988: $14 170 861).

13. Provisions for reimbursement of assessments

(in thousands of dollars)

	1989	1988
Provision for reimbursements with respect to sections 99.3, 99.5 and 111.7 of the Workmen's Compensation Act *	90 507	125 000
Provision for reimbursements to businesses under federal jurisdiction **	35,542	55 000
Provision for reimbursements with respect to economic stabilization and rehabilitation benefit programs ***	6 982	7 000
Provision for reimbursements to employers with respect to credits accumulated under the pre-January 1, 1990 method of assessment rating ****	25 400	
	158 431	187 000

* Provision for reimbursements with respect to sections 99.3, 99.5 and 111.7 of the Workmen's Compensation Act

On April 11, 1988, the Commission adopted a new policy for recalculating the contributions of employers affected by the Regulation respecting the system of merit or demerit rating for assessing an employer (Decree 1628-86 of October 29, 1986) on charging costs under sections 99.3 (worker handicapped as a result of a previous accident) and 99.5 (accident attributable to a third party) of the Workmen's Compensation Act. Its retroactive application necessitated a recalculation of non-prescribed assessments, in order to reimburse employers for previous overpayments.

In addition, the Commission decided to retroactively enforce a Management Committee May 1984 decision not to charge the cost of occupational diseases to the employer, in accordance with section 111.7 of the Workmen's Compensation Act. This retroactive application necessitated the recalculation of non-prescribed assessments, to reimburse employers affected by this decision for overpayments of previous years.

** Provision for reimbursements to businesses under federal jurisdiction

On May 26, 1988, the Supreme Court of Canada issued a decision stating that the Act respecting occupational health and safety (R.S.Q., chapter S-2.1) did not apply to businesses under federal jurisdiction. Certain employers could then claim the portion of the contributions they had to pay to finance the application. A provision was determined at the end of 1988 to cover the assessments collected from 1981 until December 31, 1988 inclusively.

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13. Provisions for reimbursement of assessments (cont'd)
(in thousands of dollars)

*** Provision for reimbursements with respect to economic stabilization and rehabilitation benefits programs

Some employers claimed in court that job search, economic stabilization, and social stabilization programs for victims of employment injuries that occurred before August 19, 1985, were illegal. Two Québec Court of Appeal judgments upheld the employer's claim and cancelled the various rehabilitation programs of the Commission. The Supreme Court of Canada refused the Commission's right to appeal. The Act entitled, "Act to amend the Act respecting industrial accidents and occupational diseases and the Workmen's Compensation Act" (1988, chapter 66), assented to and enforced on December 23, 1988, prescribes that employers who contested the validity of the programs may not be held responsible for the costs resulting from expenses incurred by the Commission in implementing these programs since October 20, 1982. This Act also provides the terms and conditions for reimbursing these employers to whom, among others, no interest is payable on the sums reimbursed.

**** Provision for reimbursements of credits accumulated under the method of assessment in force prior to January 1, 1990

The Act to amend the Act respecting industrial accidents and occupational diseases (1989, chapter 74), came into force on January 1, 1990. It authorizes the Commission to reimburse employers covered by the administrative policy which, under the method of financing in force before the assessment year 1990, limited reductions of a unit's assessment rate to only one class of rate per year, for an amount of carried over credits in determining assessment for the assessment year 1989. The reimbursable amount cannot be greater than the amount of the employer's assessment calculated according to the rate he was given for 1989, which is reduced by the rate applicable to Class 1.

However, the employer is not entitled to such reimbursement if, for the year 1989, the mathematical rate of the unit in which he was classified and the assessment rate of that unit belonged to the same class of rates, or if the employer, at any time of that year, belonged to a unit defined as transitory for the determination of the rates for the assessment year 1989.

14. Balance due on Civil Service Superannuation Plan

An actuarial valuation set at $49 787 000 the Civil Service Superannuation Plan liability charged to the Commission as a result of services rendered by employees of the Commission before December 31, 1975. The Commission has been reimbursing this amount since December 31, 1978, by means of 23 equal annual instalments of $4 923 000, including capital and interest at a rate of 7,78% in 1989 decreasing to 6,66% in the year 2000, the year of the final instalment.

Capital reimbursements to be paid over the next five years respectively are:

1990	$2 138 800
1991	2 340 400
1992	2 549 200
1993	2 768 600
1994	2 998 900

15. Income from posted investments
(in thousands of dollars)

	1989	1988
		(Note 21)
Balance at beginning	136 916	155 490
Gains and losses on the sale of investments in the individual fund in the Caisse de dépôt et placement du Québec	72 991	15 655
	209 907	171 145
Depreciation presented in investment income	(48 827)	(34 229)
Balance at end	161 080	136 916

16. Provision for deviations concerning the real rate of return
(in thousands of dollars)

The provision for deviations concerning the real rate of return now appears as a separate item in the balance sheet.

In the provision for deviations concerning the real rate of return, the burden of rebalancing the situation rested on the assumption that the economy would eventually either absorb accumulated surpluses or compensate for the accumulated deficits, as the case may be. Now, the depreciation mechanism adopted is intended to put a time limit and make the absorption of annual surpluses or deficits related to economic variances more systematic. To maintain the time limit required between the year the variance began and the effect of the variance on the eventual assessment, which is two (2) years, each annual variation is amortized as of the second year following the year concerned.

The transition method consists in applying the new mechanism retroactively so as to reconstitute as of December 31, 1989 the situation that would have prevailed if the latter had been applied since 1984 to the gains identified since then in the real rate of return.

Consistency of the provision for deviations concerning the real rate of return

	1989	1988
Balance at beginning	407 447	
Adjustment		
Statement separate from the actuarial reserve		407 447
Depreciation for 1986 to 1988 inclusive, entered directly in reduction of unfunded liability	(29 004)	
Adjusted balance	378 443	407 447
Fiscal year's increase	191 612	
Fiscal year's depreciation	(29 411)	
	162 201	
Balance at end	540 644	407 447

17. Actuarial reserve
(in thousands of dollars)

Consistency of actuarial reserve

	1989	1988 (Note 21)
Balance at beginning	4 657 559	4 772 719
Increase in expenses		
Present estimated value of future payments to employment injury victims and pregnant or breast-feeding workers		
-- increase in actuarial reserve	279 266	135 365
-- increase of the provision for deviations concerning the real rate of return		172 157
-- changes in assumptions and in the method of calculating the actuarial reserve	(9 535)	(15 235)
Already established balance at end	4 927 290	5 065 006
Separate statement of the provision for deviations concerning the real rate of return		(407 447)
Balance at end	4 927 290	4 657 559

Level of capitalization

The level of capitalization as of December 31, 1989 is 65,80% compared to 58,81% on December 1988, considering the changes in the presentation of the 1989 financial statements. These percentages were determined according to the proportion of assets over liabilities.

18. Commitments and contingencies

Commitments

Leases

The Commission was committed to leases totalling $47 341 453 on December 31, 1989 (1988: $55 879 587). These leases extend over a period between one and ten years with a renewal option upon expiry. A clause provides for rent review based on operation cost and tax increases. Payments over the next five fiscal years, based on the rental amount as of December 31, 1989, are respectively:

1990	$10 804 527
1991	8 885 145
1992	7 981 368
1993	7 080 494
1994	6 020 484

Equipment leasing and service contracts

On December 31, 1989, the Commission was committed to various equipment leasing and service contracts for an estimated total of $21 415 000 (1988: $26 793 000). Anticipated annual payments for these contracts, which extend over a period of one to four years are respectively:

1990	$14 659 000
1991	4 795 000
1992	1 938 000
1993	23 000

Provision for reimbursements with respect to sections 326 to 331 of the Act respecting industrial accidents and occupational diseases

Under sections 326 (1st paragraph) and 328 (1st paragraph) of the Act respecting industrial accidents and occupational diseases, the cost of benefits payable because of an industrial accident or an occupational disease is charged to the account of the employer for whom the worker receiving these benefits carried on employment at the time of the accident or performed work which led to this disease.

The Act provides for special circumstances which could lead to sharing or transfer of the charges for certain costs related to an occupational injury. In certain specific cases, the Commission also considers that the charges should be transferred or shared.

Because of the adoption of the policy of charging under sections 326 to 331 of the Act respecting industrial accidents and occupational diseases, the moratorium on the application of these sections, which was in force since August 19, 1985, is now lifted.

At the time of preparation of the financial statements, the Commission is unable to reasonably assess the amount required to cover the outstanding requests.

Contingencies

Businesses under federal jurisdiction

On May 26, 1988, the Supreme Court of Canada issued a judgment stating that the Act respecting occupational health and safety was not applicable to businesses under federal jurisdiction.

Following this ruling, the Commission decided to reimburse these employers for assessments that were wrongfully paid, including interest of 5% per annum. These refunds are estimated at $55 000 000.

Moreover, lawsuits have recently been filed in the Québec Superior Court by several out-of-province transportation firms which consider themselves to be under federal jurisdiction. They are claiming complete reimbursement for assessments paid to the Commission for 1981 to 1988 inclusively, not just the portion of assessments applicable under the Act respecting occupational health and safety.

In addition, these firms are claiming interest on their eventual reimbursements at the rate set under section 28 of the Act respecting the Ministry of Revenue, instead of the 5% rate determined by the Commission. These lawsuits amount to approximately $40 000 000, not including the claim for interest.

As far as this contingency is concerned, all of the Commission's payments, if need be, excluding the reimbursements estimated at $55 000 000, will be allocated as an adjustment to previous fiscal years.

19. Other mandates of the Commission
(in thousands of dollars)

The Commission pays benefits to employment injury victims on behalf of employers who are personally responsible for the payment of such benefits. These employers subsequently reimburse the Commission.

The Commission is also responsible for compensating victims under the Crime Victims Compensation Act and the Act to promote good citizenship. The Gouvernement du Québec reimburses the Commission for these benefits.

In addition, under the Government Employees Compensation Act, the Commission is responsible for compensating federal civil servants who had employment injuries. The Government of Canada and its agencies reimburses the Commission for these benefits.

Commission expenditures for these benefits were divided as follows:

	1989	1988
Employers personally responsible for payment of benefits	21 710	21 134
Crime Victims Compensation Act and Act to promote good citizenship	17 419	15 709
Government Employees Compensation Act	10 779	9 583
	49 908	46 426

As they are completely reimbursed, these expenses and the reimbursements do not figure in the Commission's income and expenditure statements.

20. Employer contributions to pension plans

The Commission's employees subscribe to the Civil Service Superannuation Plan and to the Government and Public Employees Retirement Plan, which are administered by the Commission administrative des régimes de retraite et d'assurances. Since July 1, 1982, the cost of these plans has been shared equally between employees and employers. However, as far as the Civil Service Superannuation Plan is concerned, since January 1, 1990, the employers have assumed the difference between the cost of the plan and the contributions made by the employees. These are defined benefit pension plans and provide retirement and death coverage. The Commission's contributions charged to the year-end statement amount to $5 286 402 (1988: $4 817 641). The liability of the Commission toward these government plans, excluding the liability stated in Note 14, is restricted to its contributions for current services as an employer.

21. Comparative figures and changes in the presentation of the financial statements

Certain figures for 1988 have been reclassified to conform to the presentation adopted in 1989, mainly the investment posted income, which, previously included in the cost reduction of the participation deposits, is now a part of the liabilities.

Previously included in the actuarial reserve, the provision for deviations concerning the real rate of return is now separately presented in the liabilities.

As of this fiscal year, the cash flows are no longer presented.

COMMISSION DE LA SANTÉ ET DE LA SÉCURITÉ DU TRAVAIL

ACTUARIAL CERTIFICATE
relating to the commitments of the Commission de la santé
et de la sécurité du travail as of December 31, 1989

We have made the valuation of the Commission's actuarial reserve for its balance sheet as of December 31, 1989 and its statement of income and expenditure for the year then ended. In our opinion, the actuarial reserve, which amounts to $4 927 290 000, makes proper provision to cover future payments of benefits to occupational injury victims under the Workmen's Compensation Act, the Act respecting industrial accidents and occupational diseases, and the Act respecting indemnities for victims of asbestosis and silicosis in mines and quarries; and future payments of benefits to pregnant or breast-feeding workers under the Act respecting occupational health and safety. The actuarial reserve covers all liabilities in relation to events that occurred until December 31, 1989 in the establishments of employers who are assessed by the Commission.

With regard to the CSST's funding objectives, the assumptions used in the valuation of reserves were selected on the best estimate basis. This approach implies that there is no margin, as much for adverse statistical deviations as for an unfavourable evolution of the experience.

However, the assumption on the real rate of return is an exception to this general approach of the best estimate in the sense that it does not necessarily reflect the short-term foreseeable economic situation. Indeed, in consideration of the Commission's specific commitments to guarantee the adjustment of these indemnities to future inflation, and to permit more stable assessment rates and financial results, the assumption on the real rate of return is based on longer-term trends, and a mechanism permits the annual deviations in the real rate of return to be amortized.

With regard to the provision for deviations concerning the real rate of return resulting from the mechanism used by the Commission, two changes occurred during the year. The first change consists in determining this provision as a distinct item of the balance sheet and results in a reduction of $407 447 000 in the actuarial reserves as of December 31, 1988. Indeed, the Commission recently adopted a global capitalization policy in which it expressly defined the method of returning or recovering the deviations related to the real rate of return. Given this new environment, it seems appropriate to us to exclude the provision from the actual actuarial reserves.

The second change aims at amortizing the deviations related to the real rate of return over an 8-year period instead of giving the full weight of rebalancing on a change in trends. The net effect of the retroactive application of this new mechanism since 1984 is to free a portion of this former provision, that is $29 004 000, as of December 31, 1988.

The actuarial reserve increased from the adjusted amount of $4 657 559 000 as of December 31, 1988 to $4 927 290 000 as of December 31, 1989. The increase of $269 731 000 composed of an increase of $265 328 000 for the compensation programs and of an increase of $4 403 000 for the protective reassignment program, was debited to the 1989 income and expenditure statement.

As for the compensation programs, the increase of $265 328 000 takes into account a $9 535 000 decrease in the actuarial reserve resulting from changes in methods and assumptions.

The application of the amortization mechanism of deviations related to the real rate of return leads to an increase in the provision of $191 612 000 resulting from the gains realized during 1989 and a decrease of $29 411 000 resulting from the amortization of deviations of previous years. The provision for deviations concerning the real rate of return thus increased to $540 644 000 as of December 31, 1989, from the adjusted amount of $378 443 000. Considering the Commission's capitalization policy, the amount of $540 644 000 is necessary to reach the objective of full capitalization, which guarantees future payments of benefits to beneficiaries.

In our opinion, the amount of the actuarial reserve was determined from trustworthy data, adequate and appropriate assumptions, and the methods employed are in accordance with generally accepted actuarial principles.

Robert Langlois, F.S.A., F.I.C.A.
Actuary
Commission de la santé et de la sécurité du travail

Pierre Hébert, F.I.C.A.
Actuary
Commission de la santé et de la sécurité du travail

March 26, 1990

ACTUARIAL CERTIFICATE (cont'd)
relating to the commitments of the Commission de la santé
et de la sécurité du travail as of December 31, 1989

The Commission's actuaries evaluated the actuarial reserve at $4 927 290 000 as of December 31, 1989 to cover future payments of benefits to occupational injury victims and to pregnant or breast-feeding workers. This reserve covers the commitments for events that occurred until December 31, 1989 in the establishments of employers who are assessed by the Commission. With regard to the Commission's funding objectives, the assumptions used were selected according to the best estimate, with the exception of the assumption on the real rate of return, which is based on longer-term trends. The provision for deviations concerning the real rate of return of $540 644 000 as of December 31, 1989, is now excluded from the current actuarial reserve and constitutes a distinct entry in the balance sheet. From now on, the deviations in the real rate of return are amortized over an eight-year period instead of having all the readjustment weight placed on a change in trends. The increase in the actuarial reserve after adjustment was determined by the Commission's actuaries at $269 731 000 in 1989.

We carried out an audit on the methodology and assumptions as well as their use in the present evaluation.

In our opinion, the $4 927 290 000 shown in the balance sheet adequately reflects the value of the Commission's commitments and the $269 731 000 shown in the statement of income and expenditure constitutes an appropriate debit to account for the evolution of this liability. In view of the assumption concerning the real rate of return, and the capitalization policy of the Commission, the amount of $540 644 000 for the provision for deviations concerning the real rate of return is appropriate in the circumstances.

Robert Godbout, F.S.A., F.I.C.A.
Yves Charbonneau, F.S.A., F.I.C.A.

Martineau, Provencher & Associés Ltée

April 9, 1990

AUDITOR'S REPORT

I have examined the balance sheet of the Commission de la santé et de la sécurité du travail as at December 31, 1989, and the statement of income and expenditure and the unfunded liability for the year then ended. My examination was made in accordance with generally accepted auditing standards and included such tests and other procedures as I deemed necessary in the circumstances.

In my opinion, these financial statements faithfully represent the Commission's financial position as at December 31, 1989, as well as the results of its operations for the year then ended in accordance with the accounting policies outlined in Note 2, applied on a basis consistent with that of the preceding year, after retroactive effect of the adoption of the method for amortizing the reserve for changes in the real rate of return referred to in Note 3.

The Auditor General of Québec,
Rhéal Châtelain, F.C.A.

Québec, April 17, 1990

COMMISSION DE RECONNAISSANCE DES ASSOCIATIONS D'ARTISTES
R.S.Q., c. S-32.1

REVENUE AND EXPENDITURE AND SURPLUS
for the year ended March 31, 1990

	1990	1989
EXPENDITURE		
Salaries and wages	$301 372	$248 307
Training	1 432	
Travelling and entertainment	2 498	4 722
Professional fees	17 516	
Rent	72 631	58 799
Maintenance	3 419	4 263
Advertising	7 733	6 235
Documentation	4 657	4 571
Telecommunications	10 146	4 452
Office supplies	3 207	4 449
Furniture and equipment	7 952	78 972
Bank charges	1 431	759
	433 994	415 529
REVENUE		
Interest on term deposits	15 848	9 183
EXPENDITURE IN EXCESS OF REVENUE	418 146	406 346
Subsidy from the Gouvernement du Québec	377 500	533 612
EXPENDITURE IN EXCESS OF REVENUE AND SUBSIDY	(40 646)	127 266
SURPLUS AT THE BEGINNING	127 266	
SURPLUS AT THE END	$86 620	$127 266

COMMISSION DE RECONNAISSANCE DES ASSOCIATIONS D'ARTISTES

BALANCE SHEET
as at March 31, 1990

	1990	1989
ASSETS		
CURRENT ASSETS		
Cash	$43 174	$33 978
Term deposits -- at cost	45 000	100 000
Accounts receivable	4 798	
	$92 972	$133 978
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	$6 352	$6 712
SURPLUS	86 620	127 266
	$92 972	$133 978

COMMITMENT (Note 3)

On behalf of the commission,

Denis Hardy
Suzanne Moro

NOTES TO FINANCIAL STATEMENTS
March 31, 1990

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1. Constitution and purpose

The Commission de reconnaissance des associations d'artistes was constituted under the Act respecting the professional status and conditions of engagement of performing, recording and film artists (R.S.Q., c. S-32.1). Among other duties, it decides any application for recognition submitted by an artists' association, appoints a mediator at the request of a party to the negotiation of a group agreement and arbitrates disputes.

2. Accounting policies

The financial statements of the Commission were prepared by management on the accrual basis in accordance with the accounting policies as disclosed hereunder.

Fixed assets

Acquisitions of furniture and equipment as well as leasehold improvements are charged to operations.

Pension Plan

The employer's contribution to the Government and Public Employees Retirement Plan (RREGOP) is assumed by the Gouvernement du Québec and does not appear in the statement of revenue and expenditure and surplus.

3. Commitment

The Société is committed under a long-term lease maturing June 30, 1993 for administrative premises. This lease includes a five-year renewal option.

The year's rent for these premises amounted to $72 631. Minimum future payments are as follows:

1991	$78 399
1992	78 399
1993	78 399
1994	19 599
	$254 796

AUDITOR'S REPORT

I have examined the balance sheet of the Commission de reconnaissance des associations d'artistes as at March 31, 1990 as well as the statement of revenue and expenditure and surplus for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1990 and the results of its operations for the year then ended in accordance with the accounting policies disclosed in Note 2 applied on a basis consistent with that of the preceding year.

The Auditor General of Québec,
Rhéal Chatelain, F.C.A.

Québec, April 30, 1990

COMMISSION DES NORMES DU TRAVAIL
R.S.Q., c. N-1.1

REVENUE AND EXPENDITURE AND SURPLUS
for the year ended March 31, 1990

	1990	1989
REVENUE		
Contributions (Note 3)	$28 431 602	$26 218 711
Interest on deposits and investments	1 822 352	1 264 175
Other	233 274	194 089
	30 487 228	27 676 975
EXPENDITURE		
Salaries and wages	14 675 120	13 402 920
Fringe benefits	2 447 779	2 182 435
Professional fees	1 493 120	1 237 646
Travelling expenses	988 016	988 604
Communications	1 138 853	1 059 155
Advertising and public relations	338 979	350 681
Rent for premises, equipment and other	2 436 300	2 214 673
Maintenance	470 036	410 140
Supplies	658 723	543 916
Bad debts	88 001	39 975
Interest on long-term debt	1 027 725	1 093 175
Depreciation on fixed assets	872 065	976 057
Other	63 336	108 803
	26 698 053	24 608 180
REVENUE IN EXCESS OF EXPENDITURE	3 789 175	3 068 795
OPENING SURPLUS	10 393 143	7 324 348
CLOSING SURPLUS	$14 182 318	$10 393 143

CHANGES IN FINANCIAL POSITION
for the year ended March 31, 1990

	1990	1989
OPERATING ACTIVITIES		
Revenue in excess of expenditure	$3 789 175	$3 068 795
Items not affecting liquid assets:		
Depreciation on fixed assets	872 065	976 057
(Gain) loss on the disposal of fixed assets	5 654	(3 338)
Amortization of discount on bonds	(690)	(690)
	4 666 204	4 040 824
Changes in assets and liabilities related to operations	519 267	(762 544)
Funds generated by operating activities	5 185 471	3 278 280
FINANCING ACTIVITIES		
Funds absorbed by financing activities:		
Reimbursement of the long-term debt	(682 500)	(617 600)
INVESTMENT ACTIVITIES		
Acquisition of fixed assets	(940 242)	(850 451)
Proceeds of the disposal of fixed assets	6 434	7 254
Realization of a bond investment		64 993
Funds absorbed by investment activities	(933 808)	(778 204)
INCREASE IN LIQUID ASSETS	3 569 163	1 882 476
OPENING LIQUID ASSETS	21 760 562	19 878 086
CLOSING LIQUID ASSETS	$25 329 725	$21 760 562

Liquid assets of the Commission consist of cash, term deposits and short-term investments.

COMMISSION DES NORMES DU TRAVAIL

BALANCE SHEET
as at March 31, 1990

	1990	1989
ASSETS		
CURRENT ASSETS		
Cash	($215 769)	$70 500
Term deposits and short-term investments	25 545 494	21 690 062
Contributions receivable	1 180 548	1 170 487
Accounts receivable	70 426	98 768
Bond investments (Note 4)	1 099 789	
Accrued interest on deposits and investments	280 205	236 662
	27 960 693	23 266 479
BOND INVESTMENTS (Note 4)		1 099 099
FIXED ASSETS (Note 5)	1 588 457	1 532 368
	$29 549 150	$25 897 946
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$2 313 824	$1 758 592
Claims collected for remittance to employees	65 158	59 086
Accrued interest on long-term debt	244 350	261 125
Reimbursement of the long-term debt (Note 6)	749 600	682 500
	3 372 932	2 761 303
LONG-TERM DEBT (Note 6)	11 993 900	12 743 500
SURPLUS	14 182 318	10 393 143
	$29 549 150	$25 897 946

On behalf of the Commission,

H. Dickner
Paul-Émile Bergeron

NOTES TO FINANCIAL STATEMENTS
March 31, 1990

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1. Constitution and activities

Constituted as a corporation within the meaning of the Civil Code under the Act respecting labour standards (R.S.Q., c. N-1.1 and amendments), the Commission des normes du travail has all the usual powers of a corporation. It has been charged with overseeing the implementation and application of labour standards. More specifically, it is responsible for making the public aware of labour standards, seeing that these standards are put into practice and forwarding any recommendations on the matter to the minister responsible. The Commission has the duty of handling the claims filed by employees and awarding compensation under the Act and regulations.

2. Accounting policies

The Commission's financial statements were prepared by management on the accrual basis and in accordance with the accounting policies as disclosed below. These statements include amounts based on best estimates and judgment.

Bond investments

Investments in bonds are shown at amortized cost.

Fixed assets

Fixed assets are shown at acquisition cost and are depreciated by the following methods and rates:

	Method	Rate
Equipment	Diminishing balance	20%
Furniture	Diminishing balance	10%
Automotive equipment	Diminishing balance	30%
Leasehold improvements	Straight-line	20%
Data processing equipment	Straight-line	33 1/3%

Contributions

Revenue from contributions for the past calendar year is entered upon receipt of the employers' reports and/or remittances, or when claim assessments are issued to employers. Revenue from contributions determined after April 30 and relating to previous years are entered as revenue for the coming year. Contributions include concomitant interest and penalties.

3. Contributions

The contributions for 1990 include $1 922 693 pertaining to previous years (1989: $1 644 523).

4. Bond investments

Investments in Gouvernement du Québec bonds, having a par value of $1 100 000 (1989: $1 100 000), 5 1/2% and 5 3/4% yearly, maturing in 1990, are shown at amortized cost and have a realizable value of $1 085 750 (1989: $1 023 090).

5. Fixed assets

	1990			1989
	Cost	Accumulated depreciation	Net	Net
Equipment	$727 817	$531 984	$195 833	$213 535
Furniture	845 413	517 138	328 275	349 763
Automotive equipment	17 810	5 343	12 467	4 052
Leasehold improvements	826 911	542 436	284 475	321 288
Data processing equipment	5 409 648	4 642 241	767 407	643 730
	$7 827 599	$6 239 142	$1 588 457	$1 532 368

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990

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6. Long-term debt

Commission administrative des régimes de retraite et d'assurances

	1990	1989
Liability resulting from unremitted employer contributions to the Civil Service Superannuation Plan for services prior to December 31, 1975	$12 743 500	$13 426 000
Payment falling due within one year	749 600	682 500
	$11 993 900	$12 743 500

This liability is payable in annual instalments of $1 727 000 plus a final payment of $1 751 700 including principal and interest at the rate of 7,78% for 1989, decreasing annually to 6,66% at maturity in year 2000.

The principal redemption over the next five years is as follows:

Year	
1991	$749 600
1992	820 300
1993	893 400
1994	970 400
1995	1 051 100

7. Pension plans

Employees of the Commission are members of the Civil Service Superannuation Plan and of the Government and Public Employees Retirement Plan. Since July 1, 1982, the cost of these plans is shared equally between the employees and the employers. However, for the Civil Service Superannuation Plan, since January 1, 1990, the employers assume the difference between the cost of the Plan and employee contributions. The plans are of the defined benefit type and guarantee payment of pension and death benefits. Contributions by the Commission charged to operations for the year total $723 217 (1989: $672 256). The Commission's commitments toward these Government pension plans is limited to its contributions for current service as an employer.

AUDITOR'S REPORT

I have examined the balance sheet of the Commission des normes du travail as at March 31, 1990 as well as the statement of revenue and expenditure and surplus and the statement of changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies disclosed in Note 2 applied on a basis consistent with that of the preceding year.

On behalf of the Auditor General of Québec,
Guy Breton, F.C.A.
Assistant Auditor General

Québec, May 11, 1990

COMMISSION DES SERVICES JURIDIQUES
R.S.Q., c. A-14
GENERAL FUND

CONSOLIDATED STATEMENT OF REVENUE AND EXPENDITURES
for the year ended March 31, 1990

	Operations		Private practice (section 52)			
	1990	1989	1990	1989	1990	1989
REVENUE						
Grant, Gouvernement du Québec	$54 830 500	$52 817 900	$25 430 416	$25 660 000	$80 260 916	$78 477 900
Grant received in advance, beginning				459		459
Grant received in advance, ending	1 209 500				1 209 500	
	53 621 000	52 817 900	25 430 416	25 660 459	79 051 416	78 478 359
EXPENDITURES	54 996 895	53 873 699	25 430 416	25 702 578	80 427 311	79 576 277
	(1 375 895)	(1 055 799)		(42 119)	(1 375 895)	(1 097 918)
OTHER REVENUE						
Reimbursement of legal service costs	103 690	111 406			103 690	111 406
Fees recovery	123 698	149 806			123 698	149 806
Interest	1 160 008	505 941			1 160 008	505 941
Miscellaneous	52 833	113 534			52 833	113 534
Net revenue from professional liability and fire and theft funds	26 301	3 807			26 301	3 807
Reimbursement of business taxes		247 476				247 476
Cancellation of an account receivable, Gouvernement du Québec		(216 781)				(216 781)
	1 466 530	915 189			1 466 530	915 189
		(140 610)		(42 119)		(182 729)
Transfer from operations to private practice (section 52)		(42 119)		42 119		
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE)	$90 635	($182 729)			$90 635	($182 729)

COMMISSION DES SERVICES JURIDIQUES

GENERAL FUND

CONSOLIDATED STATEMENT OF USE OF GRANT
for the year ended March 31, 1990

CASH AND EQUIVALENTS, BEGINNING			$839 102
RECEIPTS			
Grant, Gouvernement du Québec		$80 260 916	
Interest	$1 160 008		
Increase in accrued interest	(44 473)	1 115 535	
Fees recovery		123 698	
Miscellaneous revenue		52 833	
Net revenue from professional liability and fire and theft funds		26 301	
Reimbursement of legal service costs		103 690	
Decrease in prepaid expenses		1 489	
Increase in other payables		390	
Retroactivity, section 52, mandates issued and not paid		2 089 584	83 774 436
			84 613 538
DISBURSEMENTS			
Increase in receivable from the Gouvernement du Québec		2 037 800	
Increase in other accounts receivable		4 309	
Increase in receivables, professional liability and fire and theft funds		3 145	
Operations and private practice section 52 (see page 152)		79 234 111	
Increase in advances		602	
Increase in advances on leave of absence		100 692	81 380 659
CASH AND EQUIVALENTS, ENDING			$3 232 879

CASH AND EQUIVALENTS

	1990	1989
Cash	$3 232 879	$2 072 102
Bank loan		(1 233 000)
	$3 232 879	$839 102

CONSOLIDATED STATEMENT OF RESERVE FUND, SPECIAL PROJECTS
for the year ended March 31, 1990

	1990	1989
BALANCE, BEGINNING	$102 038	$64 203
Reserve fund increased by accumulated revenue		37 835
Withdrawal from reserve fund	(97 412)	
	(97 412)	37 835
BALANCE, ENDING	$4 626	$102 038

CONSOLIDATED BALANCE SHEETS
as at March 31, 1990

GENERAL FUND

ASSETS	1990	1989
CURRENT ASSETS		
Cash	$3 232 879	$2 072 102
Accrued interest	69 806	25 333
Account receivable, Gouvernement du Québec	2 320 000	282 200
Account receivable, professional liability fund	13 075	13 589
Account receivable, fire and theft fund	7 735	4 076
Other accounts receivable	39 841	35 532
Advances	3 861	3 259
Prepaid expenses	104 614	106 103
Advances on leave of absence	109 794	9 102
	$5 901 605	$2 551 296

PROFESSIONAL LIABILITY FUND

ASSETS	1990	1989
CURRENT ASSETS		
Accrued interest	$13 075	$13 589
INVESTMENTS (Note 4)	250 000	250 000
	$263 075	$263 589

FIRE AND THEFT FUND

ASSETS	1990	1989
CURRENT ASSETS		
Accrued interest	$7 735	$4 076
INVESTMENTS (Note 4)	150 000	75 000
	$157 735	$79 076

On behalf of the Commission des services juridiques

Yves Lafontaine, Chairman
Jacques Lemaitre-Auger, Secretary

	1990	1989
GENERAL FUND		
LIABILITIES		
CURRENT LIABILITIES		
Bank loan		$1 233 000
Accounts payable, accrued expenses and commitments	$1 507 965	1 455 650
Retroactivity, section 52, mandates issued and paid (Note 2)	1 100 000	
Retroactivity, section 52, mandates issued and not paid (Note 3)	2 089 584	
Grant received in advance, salaries adjustment	1 209 500	
Deferred leave of absence	94 241	53 356
Deposit and other payables	1 890	1 500
	6 003 180	2 743 506
DEFICIENCY IN EQUITY		
DEFICIT	(106 201)	(294 248)
RESERVE FUND, SPECIAL PROJECTS	4 626	102 038
	(101 575)	(192 210)
	$5 901 605	$2 551 296
PROFESSIONAL LIABILITY FUND		
LIABILITIES		
CURRENT LIABILITIES		
Due to general fund	$13 075	$13 589
EQUITY		
RESERVE	250 000	250 000
	$263 075	$263 589
FIRE AND THEFT FUND		
LIABILITIES		
CURRENT LIABILITIES		
Due to general fund	$7 735	$4 076
EQUITY		
RESERVE	150 000	75 000
	$157 735	$79 076

COMMISSION DES SERVICES JURIDIQUES

GENERAL FUND

CONSOLIDATED STATEMENT OF DISBURSEMENTS AND EXPENDITURES
for the year ended March 31, 1990

	Disbursements	Less: Accounts payable, commitments and deferred leave of absence as at April 1 1989	Add: Accounts payable, commitments and deferred leave of absence as at March 31 1990	Expenditures
OPERATIONS				
Members' meetings	$110 830	$2 485	$2 047	$110 392
Rent, taxes and licences	5 439 061	197 888	205 143	5 446 316
Telephone	1 178 909	68 481	87 211	1 197 639
Electricity	46 629	21 250	15 675	41 054
Postage	381 225	8 370	4 787	377 642
Office supplies	832 668	84 563	105 845	853 950
Other administrative expenses	492 298	38 928	15 487	468 857
Professional services	544 548	45 829	57 175	555 894
Maintenance and repairs	391 608	57 268	154 221	488 561
Office furniture and fixtures	1 200 946	629 643	322 721	894 024
Travelling expenses	1 054 424	45 887	43 397	1 051 934
Library	470 476	31 840	19 646	458 282
Professional training	395 282	5 205	23 518	413 595
Financial and processing costs	214 238	1 910	121 472	333 800
Revision committee	64 528		1 249	65 777
Information and education	428 490	8 775	6 522	426 237
Research	88 371	7 144	16 799	98 026
Fees approval	11 082	78	665	11 669
Community Legal Services of Pointe St.Charles and Little Burgundy Inc.	506 613			506 613
	13 852 226	1 255 544	1 203 580	13 800 262
Salaries and fringe benefits				
Lawyers	24 421 668	47 494	116 457	24 490 631
Others	13 894 039	51 798	93 944	13 936 185
	38 315 707	99 292	210 401	38 426 816
Judicial fees				
Civil	2 275 759	117 314	115 909	2 274 354
Criminal	460 003	36 856	72 316	495 463
	2 735 762	154 170	188 225	2 769 817
	54 903 695	1 509 006	1 602 206	54 996 895
PRIVATE PRACTICE (section 52)				
Professional fees				
Civil	10 581 081			10 581 081
Criminal	9 513 908			9 513 908
Notarial	805 702			805 702
	20 900 691			20 900 691
Judicial fees				
Civil	2 500 582			2 500 582
Criminal	851 940			851 940
Notarial	35 789			35 789
	3 388 311			3 388 311
Interest	20 079			20 079
Professional fees	21 335			21 335
	41 414			41 414
Fees adjustment to legal counsels (Note 3)			1 100 000	1 100 000
	24 330 416		1 100 000	25 430 416
	$79 234 111	$1 509 006	$2 702 206	$80 427 311

COMMISSION DES SERVICES JURIDIQUES

GENERAL FUND

CONSOLIDATED STATEMENT OF DEFICIT
for the year ended March 31, 1990

	1990	1989
BALANCE, BEGINNING	($294 248)	($73 684)
Excess of revenue over expenditures (expenditures over revenue)	90 635	(182 729)
	(203 613)	(256 413)
Adjustment to consolidated reserve, special projects	97 412	(37 835)
BALANCE, ENDING	($106 201)	($294 248)

PROFESSIONAL LIABILITY FUND

CONSOLIDATED STATEMENT OF DUE TO GENERAL FUND AND RESERVE FUND
for the year ended March 31, 1990

	1990	1989
BALANCE, BEGINNING		
Due to general fund	$13 589	$13 870
Reserve fund	250 000	250 000
	263 589	263 870
Interest income	26 737	27 439
Claims, expenses paid by general fund	4 984	16 094
Transfer to general fund	22 267	11 626
	27 251	27 720
	(514)	(281)
BALANCE, ENDING	$263 075	$263 589
Due to general fund	$13 075	$13 589
Reserve fund	250 000	250 000
	$263 075	$263 589

COMMISSION DES SERVICES JURIDIQUES

FIRE AND THEFT FUND

CONSOLIDATED STATEMENT OF DUE TO GENERAL FUND AND RESERVE FUND
for the year ended March 31, 1990

	1990	1989
BALANCE, BEGINNING		
Due to general fund	$4 076	$4 161
Reserve fund	75 000	75 000
	79 076	79 161
Contribution	75 000	
Interest income	11 834	8 232
Transfer from general fund		7 453
	86 834	15 685
Claims, expenses paid by general fund	7 286	15 770
Transfer to general fund	889	
	8 175	15 770
	78 659	(85)
BALANCE, ENDING	$157 735	$79 076
Due to general fund	$7 735	$4 076
Reserve fund	150 000	75 000
	$157 735	$79 076

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 1990

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1. Status

The Commission des services juridiques is incorporated under the Legal Aid Act.

2. Significant accounting policies

Principles of consolidation

The consolidated financial statements include the accounts of the Commission des services juridiques and the following regional corporations:

Community Legal Centre of the Montréal region
Community Legal Centre of the Laurentian region
Community Legal Centre of the South Shore region
Community Legal Centre of the Québec region
Community Legal Centre of the Outaouais region
Community Legal Centre of the Eastern Townships region
Community Legal Centre of the Saguenay, Lake St.John region
Community Legal Centre of the Mauricie, Bois Francs region
Community Legal Centre of the Lower St. Lawrence, Gaspé region
Community Legal Centre of the North Shore region
Community Legal Centre of the Abitibi-Témiscamingue region and of the following local corporation:
Clinique juridique populaire de Hull inc., Outaouais region.

Financial statements presentation

The financial statements are prepared in accordance with generally accepted accounting principles considering the following particularities:

Private practice (section 52)

The expenditures of professional fees, judicial fees and interest paid to private practice (section 52) are accounted for on a cash basis method and revenue is accounted for accordingly.

Subsequent to year end, an agreement has intervened between the Bar of Québec and the Minister of Justice. This agreement foresees a retroactive payment of approximately $1 100 000 for mandates issued and paid since April 1, 1989.

Fees recovery and reimbursement of legal service costs

The fees recovery and reimbursement of legal service costs are accounted for on a cash basis method.

Fixed assets

No fixed assets fund is provided in the books of the Commission des services juridiques. Consequently, all purchases of fixed assets are charged against current operations and are budgeted accordingly.

Salaries

The regular salaries of the Commission des services juridiques and of the regional corporations are accounted for on a cash basis method.

Transfer of funds

The regulations of the Commission des services juridiques provide that the reserves for professional liability and fire and theft funds must not exceed $250 000 and $150 000 respectively. Any excess to these limits must be transferred to the general fund.

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3. Retroactivity, section 52, mandates issued and not paid

The Conseil du trésor has estimated, following the agreement between the Bar of Québec and the Minister of Justice, that the retroactivity cost for mandates issued during 1989 and not paid at March 31, 1990, will total $2 089 584 and has taken the engagement to reimburse the Commission des services juridiques for this retroactivity.

4. Investments

	1990	1989
Professional liability fund		
These funds are invested in guaranteed investment certificates with Société d'hypothèque Banque Nationale	$250 000	$250 000
Fire and theft fund		
These funds are invested in guaranteed investment certificates with Société d'hypothèque Banque Nationale	$150 000	$75 000

5. Commitments

Professional fees, judicial fees and interest of private practice (section 52)

On March 31, 1990, the mandates referred to private practice which have not yet been billed amount to approximately $22 900 000 and are detailed as follows:

	Estimated cost of mandates			
Year	Civil	Criminal	Notarial	Total Amount
1973--1986	$410 000	$130 000	$10 000	$550 000
1986--1987	680 000	260 000	10 000	950 000
1987--1988	1 360 000	720 000	20 000	2 100 000
1988--1989	2 800 000	1 940 000	60 000	4 800 000
1989--1990	8 600 000	5 500 000	400 000	14 500 000
	$13 850 000	$8 550 000	$500 000	$22 900 000

The estimated cost for mandates referred to private practice are determined by the Commission des services juridiques.

Operating leases

Under the terms of operating leases, the Commission des services juridiques and the regional corporations are committed to make minimum payments totalling $16 310 583 during the years ending on March 31, 1991, $4 201 570; 1992, $3 873 156; 1993, $3 397 623; 1994, $2 734 645 and 1995, $2 103 589.

AUDITORS' REPORT

To the Members of
Commission des services juridiques

We have examined the following consolidated statements of the Commission des services juridiques as at March 31, 1990:

Balance sheet, general fund
Balance sheet, professional liability fund
Balance sheet, fire and theft fund

and for the year ended on that date:

Statement of revenue and expenditures, general fund
Statement of deficit, general fund
Statement of reserve fund, special projects, general fund
Statement of due to general fund and reserve fund, professional liability fund
Statement of due to general fund and reserve fund, fire and theft fund
Statement of use of grant, general fund
Statement of disbursements and expenditures, general fund

Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Commission des services juridiques and its regional and local corporations as at March 31, 1990, the results of their operations and the use of grant for the year ended on that date in accordance with the accounting principles referred to in Note 2, applied on a basis consistent with that of the preceding year.

Maheu Noiseux
Chartered Accountants

Montréal, May 4, 1990

CORPORATION D'HÉBERGEMENT DU QUÉBEC

OPERATIONS
for the year ended March 31, 1990
(in thousands of dollars)

	1990	1989
INTEREST ON BORROWINGS		
Cost		
Interest, discounts and bond issuance expenses		
On long-term debt (Note 4)	82 898	61 563
On interim financing	6 108	4 115
	89 006	65 678
Financing		
Subsidy from the Gouvernement du Québec	84 894	61 308
Subsidy from the Government of Canada (Note 5)	4 112	4 370
	89 006	65 678
OTHER OPERATIONS (Note 6)		
Cost	259	200
Revenue and charges	259	200

CORPORATION D'HÉBERGEMENT DU QUÉBEC

CHANGES IN FINANCIAL POSITION
for the year ended March 31, 1990
(in thousands of dollars)

	1990	1989
OPERATING ACTIVITIES		
Funds generated by operations:		
Changes in assets and liabilities related to operations	1 334	2 235
FINANCING ACTIVITIES		
Long-term debt	473 049	367 021
Payments on long-term debt	(246 215)	(188 886)
Contributed capital	4 452	1 818
Bank loans for interim financing -- net	33 146	12 065
Funds generated by financing activities	264 432	192 018
INVESTMENT ACTIVITIES		
Acquisition of fixed assets excluding the excess of municipal assessment over their cost of acquisition	(19 577)	(26 722)
Other receivables:		
Gouvernement du Québec -- financing of construction and restoration projects and of equipment		
Work charged	(257 763)	(289 006)
Receipts	45 922	129 993
Health and social services establishments -- interim financing		
Loans granted	(60 466)	(71 090)
Loans reimbursed	27 304	59 332
Regional health and social services councils -- furniture and equipment		
Charges	(11)	(414)
Receipts	123	2 853
Funds absorbed by investment activities	(264 468)	(195 054)
INCREASE (DECREASE) IN LIQUIDITIES	1 298	(801)
OUTSTANDING CHEQUES LESS CASH AT THE BEGINNING	2 303	1 502
OUTSTANDING CHEQUES LESS CASH AT THE END	1 005	2 303

CONTRIBUTED CAPITAL
for the year ended March 31, 1990
(in thousands of dollars)

	Balance at March 31 1989	Transactions for year 1990	Balance at March 31 1990
Subsidies from the Gouvernement du Québec:			
Acquisition of furniture and equipment	21 371		21 371
Acquisition of buildings	6 699		6 699
Repayment of long-term debt -- principal	19 133	4 814	23 947
Bond interest -- portion capitalized to buildings	1 187		1 187
Other contributions	2 104		2 104
	50 494	4 814	55 308
Canada Mortgage and Housing Corporation:			
Waiver on 10% of loans granted	6 943		6 943
Excess of municipal assessment of buildings over their cost of acquisition	28 673	8 857	37 530
Donation of furniture and equipment to the health and social services network establishments	(19 781)	(363)	(20 144)
Other contributions	1 068	1	1 069
	67 397	13 309	80 706
Transfer to deficit	(11 271)		(11 271)
	56 126	13 309	69 435

CORPORATION D'HÉBERGEMENT DU QUÉBEC

BALANCE SHEET
as at March 31, 1990
(in thousands of dollars)

	1990	1989
ASSETS		
CURRENT ASSETS		
Accrued subsidies receivable from the Gouvernement du Québec (Note 7)	25 237	21 886
Accounts receivable	1 177	1 363
Deferred charges (Note 8)	244	81
	26 658	23 330
ACCOUNTS RECEIVABLE (Note 9)	671 374	426 483
FIXED ASSETS (Note 10)	508 185	479 751
	1 206 217	929 564
LIABILITIES		
CURRENT LIABILITIES		
Outstanding cheques less cash	1 005	2 303
Accounts payable and holdbacks on contracts	14 029	12 849
Accrued interest	25 636	22 154
Long-term debt (Note 12)	30 403	45 119
	71 073	82 425
INTERIM FINANCING (Note 11)	68 898	35 752
LONG-TERM DEBT (Note 12)	993 553	752 003
	1 133 524	870 180
EQUITY		
Contributed capital	69 435	56 126
Surplus	3 258	3 258
	72 693	59 384
	1 206 217	929 564

COMMITMENTS AND CONTINGENT LIABILITY (Note 15)

On behalf of the Board of Directors,

Conrad Dubuc
André V. Bergeron

NOTES TO FINANCIAL STATEMENTS
March 31, 1990
(in thousands of dollars)

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1. Constitution, purpose and activities

A non-profit corporation created under Part III of the Companies Act, the Corporation d'hébergement du Québec has been charged with acquiring, erecting, renovating, holding, administering, maintaining, repairing, renting and disposing of movable and fixed assets either used or for use by establishments and regional councils within the meaning of the Act respecting health services and social services; it also provides for short- and long-term financing of these activities.

The Corporation's role is also to ensure that the projects of which it has been put in charge by the Ministère de la Santé et des Services sociaux are brought to completion; the Corporation is also charged with the short- and long-term financing of fixed assets of the health and social services network.

The Corporation rents its buildings, save one it manages separately, to establishments designated by the Ministère de la Santé et des Services sociaux that operate these under the terms of a lease which typically stipulates that the tenant must assume full responsibility for the building, including even that normally incumbent on the lessor, such as major repairs, upkeep and insurance.

The Corporation occasionally acquires buildings of the health and social services network in the context of the religious communities withdrawal program as well as upon the integration of private establishments into the public network.

2. Financing and operations

Land and buildings

Long-term financing by the Corporation of construction and restoration projects is provided through bond issues, secured by the transfer of subsidies from the Gouvernement du Québec, which fully cover the debt service on these issues.

Long-term financing charges are assumed by the Gouvernement du Québec, excluding discounts and issuance expenses on bonds issued as a first financing.

The Corporation resorts to bank loans for interim financing of construction and restoration projects.

Projects must receive the prior approval of the Gouvernement du Québec and be carried out within the financial limits it sets.

Furniture and equipment

Under a decision by the Gouvernement du Québec rendered July 8, 1987, the regional health and social services councils must assume the cost of furniture and equipment for the network's establishments, effective April 1, 1985 for establishments of the health sector and effective April 1, 1986 for establishments of the social services sector.

For projects authorized prior to these dates, the Ministère de la Santé et des Services sociaux assumes the cost of the establishments' furniture and equipment through special subsidies. The Corporation subsequently donates the furniture and equipment to the establishments.

Financing of construction and restoration projects and of equipment for establishments in the Ministère de la Santé et des Services sociaux network

The Corporation resorts to bank loans for interim financing of construction and restoration projects and of equipment for establishments in the Ministère de la Santé et des Services sociaux network.

Projects must receive prior approval of the Gouvernement du Québec and be carried out within the financial limits it sets.

Principal and interest on these short-term loans are reimbursed to the Corporation by the establishment when the latter obtains long-term financing through bond issues secured by the transfer of subsidies from the Gouvernement du Québec, which fully cover the debt service on these issues.

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2. Financing and operations (cont'd)

Financing of short-term borrowings by regional health and social services councils (CRSSS)

The Corporation incurs long-term debts in view of the consolidation process on short-term borrowings by the CRSSS for certain construction and restoration projects and for equipment. The Ministère de la Santé et des Services sociaux grants subsidies to the Corporation to repay these borrowings.

3. Accounting policies

The Corporation's financial statements were prepared by management on the accrual basis and in accordance with the accounting policies as disclosed hereunder. These statements include amounts based on best estimates and judgment.

Construction and restoration projects for establishments of the Ministère de la Santé et des Services sociaux network

Costs related to the construction and restoration of establishments of the Ministère de la Santé et des Services sociaux network include short-term financing costs. These financing costs are capitalized until repayment of costs by the establishment.

Fixed assets

Land and buildings are recorded, at the time of acquisition, at the higher of cost and municipal assessment.

Projects under way include, besides the acquisition cost of buildings, the costs related to the construction and restoration of buildings and short-term financing costs. These financing charges are recorded under "Projects under way" up to the first day of the month which comes 90 days after the date of preliminary approval of the project.

Fixed assets are not depreciated.

Deferred charges -- restoration work

Expenses are deferred for restoration work on the Corporation's building leased to various agencies or establishments. These deferred charges are amortized according to the additional rent thus secured. At year-end, if the additional rent exceeds the deferred charges, they are treated as deferred revenues.

Subsidies

Subsidies from the Gouvernement du Québec for repayment of the principal on the long-term debt are recorded when cashed. All other subsidies are recorded on the accrual basis.

Expenditure assumed by the Gouvernement du Québec

Staff and support services such as telephone service, office space, furniture and supplies are placed at the disposal of the Corporation by the Ministère de la Santé et des Services sociaux. Such expenditure is not shown on Corporation financial statements since it is assumed by the Ministère de la Santé et des Services sociaux and various other Government departments and agencies.

Administrative expenses charged to construction and restoration projects

When the year's operating results, excluding interest on borrowings, show a loss, the Corporation charges administrative expenses to construction and restoration projects up to the amount of that loss.

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990
(in thousands of dollars)

4. Interest, discounts and issuance expenses on long-term debt

	1990	1989
Bonds	56 223	46 909
Canada Mortgage and Housing Corporation loans	4 996	5 011
Mortgages with Société d'habitation du Québec	1 505	1 506
Notes and balances on selling price	1 481	1 568
Bank loans	37 543	19 732
	101 748	74 726
Less: Interest on bank loans capitalized to construction and restoration projects of the Corporation and the Ministère de la Santé et des Services sociaux (Note 13)	18 850	13 163
	82 898	61 563

5. Subsidy from the Government of Canada

Under section 56.1 of the National Housing Act (R.S.C., c. N-10), the Corporation is eligible for financial assistance from the Government of Canada to help pay the cost of public housing projects. To date, 23 projects have been approved for assistance. Subsidies received are used to pay part of the cost of interest on Corporation borrowings.

6. Other operations

	1990	1989
Cost		
Trust charges on borrowings	140	92
Data processing costs	88	59
Other expenses	21	49
Cost of unrealized projects	10	
	259	200
Revenue and capitalization		
Net profit from operating a building (Note 14)	249	53
Subsidies from the Gouvernement du Québec for unrealized projects	10	
Administrative expenses capitalized to construction and restoration projects (Note 13)		138
Other revenues		9
	259	200

7. Accrued subsidies receivable from the Gouvernement du Québec

	1990	1989
Subsidies accrued and receivable for repayment of:		
Interest on the long-term debt	23 915	20 666
Interest on bank loans for interim financing	1 334	926
Bond discounts and issuance expenses	(12)	294
	25 237	21 886

8. Deferred charges

	1990	1989
Deferred restoration work to be applied against additional rent -- at cost	943	700
Accumulated amortization	699	619
	244	81

9. Accounts receivable *

	1990	1989
Gouvernement du Québec:		
Financing of construction and restoration projects and equipment (including interest) of the Ministère de la Santé et des Services sociaux network establishments		
Regional health and social services councils	434 409	292 089
Establishments of the health and social services network	169 096	99 575
	603 505	391 664
Establishments of the health and social services network -- interim financing **	67 870	34 708
Regional health and social services councils -- furniture and equipment	(1)	111
	671 374	426 483

* Maturity dates on certain receivables from regional health and social services councils, totalling $262,4 million, are spread from 1991 to 2015, at the maturity dates of the relevant bond issues. Repayment terms for other receivables are not determined by the Gouvernement du Québec.

** These receivables break down as follows:

	1990	1989
Interim financing arranged during the year ended: March 31, 1990	43 995	
March 31, 1989	18 430	28 253
March 31, 1988	5 445	6 455
	67 870	34 708

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990
(in thousands of dollars)

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10. Fixed assets

	1990	1989
Land	23 418	20 706
Buildings	470 182	391 074
Construction and restoration projects under way	14 585	67 971
	508 185	479 751

11. Interim financing

The Government has entrusted to the Corporation the interim financing of bond maturities awaiting refinancing and the payment of discounts and issuance expenses for subsequent refinancing by establishments of the health and social services network. To this end, the Corporation has contracted bank loans totalling $68,9 million (1989: $35,8 million).

12. Long-term debt

	1990	1989
Bonds secured by the assignment of Gouvernement du Québec subsidies		
9,25% to 18% annually, maturing from 1991 to 2019 *	536 235	496 730
Interest-free from December 6, 1989 to June 6, 2004 at the annual rate of 68% until December 6, 2012 (effective rate of 10,29%)	8 000	
Interest-free from February 6, 1990 to August 6, 2009 at the annual rate of 156% until February 6, 2015 (effective rate of 10,24%)	15 000	
Mortgages repayable in advance and without penalty to Canada Mortgage and Housing Corporation guaranteed by the assignment of Gouvernement du Québec subsidies, 8% annually, maturing from 2028 to 2032	61 171	61 365
Mortgage loans repayable in advance without penalty to Société d'habitation du Québec, 6 7/8% and 8% annually, maturing from 2020 to 2030	18 656	18 735
Notes and balances on selling price, 4% to 12% annually, maturing from 1993 to 2007, guaranteed by the assignment of Gouvernement du Québec subsidies	17 305	18 329
Mortgage loan guaranteed by the assignment of Gouvernement du Québec subsidies, 11 1/4% annually, maturing in 2005	845	867
Bank loans **	366 744	201 096
	1 023 956	797 122
Instalments due within one year	30 403	45 119
	993 553	752 003

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12. Long-term debt (cont'd)

Scheduled principal repayments over the next five years are as follows:

1991	30 403
1992	9 992
1993	55 660
1994	85 143
1995	104 738

* The sinking fund for borrowings by Québec health and social services agencies to repay part of the Corporation's bonds amounts to $21,5 million at March 31, 1990 (March 31, 1989: $19,4 million). This fund is managed by the Minister of Finance.

Bonds amounting to $99,8 million (1989: $73,5 million) may be retracted by holders.

** Bank loans for financing Corporation and Ministère de la Santé et des Services sociaux buildings are considered as a long-term debt, since repayment will be made through long-term financing.

13. Expenses capitalized to construction and restoration projects of the Corporation and the Ministère de la Santé et des Services sociaux

Capitalized expenses break down as follows:

	1990	1989
Interest capitalized temporarily during the year at the monthly average prime rate:		
Corporation	3 405	7 328
Ministère de la Santé et des Services sociaux	16 400	6 553
	19 805	13 881
Adjustment to capitalized interest	955	718
Interest capitalized at real cost *	18 850	13 163
Administrative expenses capitalized to construction and restoration projects:		
Corporation		73
Ministère de la Santé et des Services sociaux		65
		138
Total capitalized expenses for the year	18 850	13 301

* Short-term financing charges are capitalized temporarily to the cost of projects for the year based on the monthly average prime rate. These expenses are adjusted at year-end based on interest paid to financial institutions.

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990
(in thousands of dollars)

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14. Operation of a building

The Corporation administers one of its buildings which it rents to establishments or agencies chosen by the Ministère de la Santé et des Services sociaux.

	1990	1989
Revenue		
Rent:		
Basic	515	347
Additional for restoration	80	254
Tenants' contributions	374	355
Parking	204	185
Other revenue	34	23
	1 207	1 164
Expenditure		
Salaries and wages	243	252
Heating	98	139
Electricity	130	123
Maintenance and repairs	158	121
Insurance	17	25
Security	172	145
Parking	26	31
Amortization of deferred restoration work	80	254
Miscellaneous	34	21
	958	1 111
Net revenue from the operation of a building	249	53)

15. Commitments and contingent liability

Construction and restoration projects under way

At March 31, 1990, the estimated cost of construction contracts for construction and restoration projects not yet completed totalled $60 million (1989: $52,9 million) of which $5,6 million (1989: $10 million) are covered by contractual commitments to be honoured during the coming years.

Building self-insurance

Buildings belonging to the Corporation are self-insured; losses resulting from damages are assumed by the Corporation and charged to operations for the then current year.

AUDITOR'S REPORT

I have examined the balance sheet of the Corporation d'hébergement du Québec as at March 31, 1990 as well as the statement of operations, the statement of contributed capital and the statement of changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies disclosed in Note 3 applied on a basis consistent with that of the preceding year.

On behalf of the Auditor General of Québec,
Guy Breton, F.C.A.
Assistant Auditor General

Québec, June 15, 1990

CORPORATION D'URGENCES-SANTÉ DE LA RÉGION DE MONTRÉAL MÉTROPOLITAIN
S.Q., 1988, c. 47

GENERAL FUND
REVENUE AND EXPENDITURE
for the year ended March 31, 1990

EXPENDITURE (Note 4)	$51 668 696
REVENUE	
Ambulance services (Note 5)	13 148 090
Drugs and medical supplies	234 779
Interest	48 205
Miscellaneous	158 326
	13 589 400
EXPENDITURE IN EXCESS OF REVENUE BEFORE FOLLOWING ITEMS:	38 079 296
Indemnity paid for revocation of permits (Note 6)	3 200 000
Indemnity paid for preventive withdrawal of ambulances (Note 7)	2 198 722
EXPENDITURE IN EXCESS OF REVENUE	43 478 018
Subsidies from the Gouvernement du Québec (Note 8)	36 950 000
EXPENDITURE IN EXCESS OF REVENUE AND SUBSIDIES	$6 528 018

FUND DEFICIENCY
for the year ended March 31, 1990

Net assets of the pre-hospitalization emergency fund transferred from the CSSSRMM (Note 9)	$2 930 830
Recovery of the general fund balance by the Ministère de la Santé et des Services sociaux (Note 10)	800 000
	2 130 830
Expenditure in excess of revenue	6 528 018
FUND DEFICIENCY AS AT MARCH 31, 1990	$4 397 188

CORPORATION D'URGENCES-SANTÉ DE LA RÉGION DE MONTRÉAL MÉTROPOLITAIN

GENERAL FUND
BALANCE SHEET
as at March 31, 1990

ASSETS	
CURRENT ASSETS	
Operating subsidy receivable from the Gouvernement du Québec	$12 595 770
Accounts receivable (Note 11)	5 227 685
Inventory of drugs and supplies	267 619
	$18 091 074
LIABILITIES	
CURRENT LIABILITIES	
Outstanding cheques less cash	$353 611
Bank loans	15 462 278
Accounts payable and accrued expenses	6 672 373
	22 488 262
FUND DEFICIENCY	4 397 188
	$18 091 074

COMMITMENTS (Note 14)

CONTINGENT LIABILITY (Note 15)

On behalf of the Corporation,

Léo Hudon
Mario Cotton

CORPORATION D'URGENCES-SANTÉ DE LA RÉGION DE MONTRÉAL MÉTROPOLITAIN

FIXED ASSETS FUND
FUND BALANCE
for the year ended March 31, 1990

Fixed assets of the fixed assets fund transferred from the CSSSRMM (Note 9)	$1 738 434
Acquisition of fixed assets assumed by the general fund	462 129
Disposal of fixed assets by the general fund	(33 584)
FUND BALANCE AT MARCH 31, 1990	$2 166 979

BALANCE SHEET
as at March 31, 1990

Furniture and equipment	$1 897 572
Automotive equipment	259 900
Leasehold improvements	9 507
FUND BALANCE	$2 166 979

On behalf of the Corporation,

Léo Hudon
Mario Cotton

NOTES TO FINANCIAL STATEMENTS
March 31, 1990

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1. Constitution and purpose

A non-profit corporation, Corporation d'urgences-santé de la région de Montréal Métropolitain was constituted under the Act to amend the Act respecting health services and social services and other legislation (1988, chapter 47) assented to December 19, 1988 and coming into force March 8, 1989. Its object is to organize and coordinate, in its territory, subject to the powers conferred on any regional council and any establishment of the health and social services network, a pre-hospitalization emergency system including ambulance services to facilitate access to health services.

The Corporation began its operations on April 1, 1989.

In these financial statements, CSSSRMM is the abbreviation for "Conseil de la santé et des services sociaux de la région de Montréal Métropolitain".

2. Accounting policies

The financial statements of the Corporation were prepared by management on the accrual basis in accordance with the accounting policies as disclosed hereunder. These statements include amounts based on best judgment and estimates.

Inventory

Inventory is valued at the lower of cost or replacement cost. Cost is determined by the first in, first out method.

Fixed assets

Acquisitions and disposals of fixed assets are recorded into operations for the year in the general fund. On the other hand, these fixed assets are shown at cost in the fixed assets fund and are not depreciated.

Unrecorded accrued expenses

Holiday leave and sick leave accrued at March 31 are not recorded, as stipulated by administrative standards and procedures of the Ministère de la Santé et des Services sociaux.

3. Overexpenditure for the year ended March 31, 1990

Expenditure from the statement of revenue and expenditure	$51 668 696
Plus: Indemnity paid for the preventive withdrawal of ambulances (Note 7)	2 198 722
	53 867 418
Less: Revenue from refunding of expenditure:	
Drugs and medical supplies	234 779
Miscellaneous	158 326
	53 474 313
Budgetary authorization from the Minister of Health and Social Services as stated in his letter of December 5, 1989	48 000 000
Overexpenditure	$5 474 313

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990

4. Expenditure by operation sector

	Answering services	Emergency pre-hospitalization services	Training	General administration	Total
Salaries	$1 995 627	$22 831 397	$454 854	$1 457 393	$26 739 271
Fringe benefits	548 427	2 546 920	83 983	209 872	3 389 202
Payroll taxes	296 864	3 611 369	97 046	181 961	4 187 240
Medical supplies and drugs		355 130			355 130
Travelling expenses	484	20 671	3 721	81 687	106 563
Service purchases (Note 12)	1 126	232 872	250 255	631 469	1 115 722
Communications	1 353	338 593		139 319	479 265
Building rental		3 494		184 423	187 917
Equipment rental		271 108		211 959	483 067
Automotive equipment rental		11 638 075		743	11 638 818
Uniform rental		2 000			2 000
Automotive equipment expenses		37 554		16 869	54 423
Office supplies		186 272		61 743	248 015
Bad debts and collection charges		953 535			953 535
Uniform purchases		588 827		295	589 122
Acquisitions of fixed assets		341 884		120 245	462 129
Insurance				98 747	98 747
Interest and bank charges		28		529 566	529 594
Other	20	15 456		33 460	48 936
	$2 843 901	$43 974 985	$889 859	$3 959 951	$51 668 696

5. Ambulance services

Régie de l'assurance automobile du Québec	$659 155
Ministère de la Main-d'oeuvre et de la Sécurité du revenu	1 382 758
Health and social services establishments	7 743 760
Other	3 362 417
	$13 148 090

6. Indemnity paid for the revocation of permits

On July 12, 1989, the Government ordered the revocation, as off July 17, 1989, of the operating permits of ambulances all over the territory of the Corporation.

Section 28 of the Corporation's constitutive Act stipulates that it is the Minister who determines, for each ambulance permit holder, the indemnity for the revocation of his permit.

The Ministère de la Santé et des Services sociaux has granted a $3 200 000 subsidy to the Corporation to cover the cost of indemnities set by the Minister.

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7. Indemnity paid for the preventive withdrawal of ambulances

Section 149.18 of the Corporation's constitutive Act stipulates that the equipment standards provided in the regulation under the Public Health Protection Act (P.S.Q., c. P-35) apply to those who are bound by a contract with the Corporation for ambulance services purposes.

On February 20, 1990, the Corporation's Board of Directors authorized the payment of $2 198 722 to the Coopérative des travailleurs des services ambulanciers du Montréal Métropolitain as an indemnity for the preventive withdrawal of ambulances not meeting the equipment standards.

8. Subsidy from the Gouvernement du Québec

Ministère de la Santé et des Services sociaux

Operating subsidy	$33 750 000
Special subsidy for the revocation of permits	3 200 000
	$36 950 000

9. Fixed assets and equity of the pre-hospitalization emergency general fund transferred from the CSSSRMM

A transfer agreement, retroactive to April 1, 1989, was concluded with the CSSSRMM to transfer all the rights of the Conseil in the fixed assets to the Corporation d'urgences-santé de la région de Montréal Métropolitain, to comply with section 18 of the Corporations's constitutive Act. These fixed assets are transferred at their original cost. Moreover, the agreement stipulates that all assets and liabilities in the audited financial statements of the CSSSRMM as at March 31, 1989 for the pre-hospitalization emergency fund are also transferred to the Corporation. Assets and liabilities as well as fixed assets break down as follows:

	April 1, 1989
Assets	
Accounts receivable	$7 992 420
Supplies inventory	207 104
Prepaid expenses	27 308
	8 226 832
Liabilities	
Bank overdraft	807 662
Accounts payable and accrual liabilities	4 488 340
	5 296 002
Equity	$2 930 830
Fixed assets -- at depreciated original cost	$1 738 434

10. Recovery of the general fund balance by the Ministère de la Santé et des Services sociaux

The Ministère has recovered part of the funds that had been placed at the disposal of regional councils and health and social services establishments to enable them to self-finance some of their operations not provided with appropriations for the current year. In view of the transfer of the pre-hospitalization emergency general fund from the CSSSRMM to the Corporation as mentioned in Note 9, the Corporation was authorized to pay $800 000 to the CSSSRMM.

11. Accounts receivable

Beneficiaries	
Régie de l'assurance automobile du Québec	$67 665
Ministère de la Main-d'oeuvre et de la Sécurité du revenu	520 785
Health and social services establishments	2 910 688
Other	5 284 848
	8 783 986
Other receivables	1 324 874
	10 108 860
Allowance for doubtful accounts	
Beneficiaries	(4 312 949)
Other receivables	(568 226)
	(4 881 175)
	$5 227 685

The Corporation has implemented, during the year, procedures aimed at improving the collection of various accounts receivable.

12. Service purchases

Training of the ambulance staff	$231 936
Electronic data processing	104 174
Security	78 707
Maintenance and repairs -- premises and equipment	268 022
Audit fees	34 800
Legal fees	190 828
Other professional fees	207 255
	$1 115 722

13. Pension plans

Excepting ambulance technicians, employees of the Corporation are participants in the Government and Public Employees Retirement Plan (RREGOP). This defined benefit plan provides retirement and death benefits. Contributions by the Corporation of $343 724 were charged to operations for the year.

Ambulance technicians of the Corporation participate in the Complementary pension plan for ambulance technicians working in Québec (RRTAQ). Established January 17, 1989, this cost based pension plan does not provide vested benefits for past service. The Corporation's contribution charged to operations for the year amount to $482 331.

The obligations of the Corporation toward these plans are limited to its contributions for current service as an employer.

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14. Commitments

The Corporation is committed under long-term leases expiring on various dates up to October 1993 for ambulances, vehicles, administrative premises as well as telecommunications services and data processing equipment and maintenance.

The rent on these goods and services for the year ended March 31, 1990 amounts to $11 851 399. Minimum future payments are as follows:

1991	$12 448 387
1992	11 350 581
1993	3 422 215
	$27 221 183

The Corporation is also committed until March 31, 1991, under a contract for ambulance technique training services leading to a college studies certificate, to pay an amount not exceeding $755 442.

15. Contingent liability

An ambulance services concern filed a claim for $2,3 million in June 1989 before an arbitration court. The dispute bears on regulations and provisions of a contract binding the CSSSRMM and the concern, which contract expired March 31, 1988. This claim was transferred to the Corporation along with the transfer of the pre-hospitalization emergency fund and no provision for that matter has been entered as at March 31, 1990. In the opinion of the Corporations's management and of its legal advisers, this claim is unfounded. Should a payment be required eventually, it would be charged to operations for the then current year.

AUDITOR'S REPORT

I have examined the balance sheets of the general fund and the fixed assets fund of the Corporation d'urgences-santé de la région de Montréal Métropolitain as at March 31, 1990 as well as the statement of revenue and expenditure and the statement of fund deficiency of the general fund and the statement of fund balance of the fixed assets fund for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1990 and the results of its operations for the year then ended in accordance with the accounting policies disclosed in Note 2.

Compliance of operations with respect to the law, regulations and directives

Section 149.20 of the Act under which of the Corporation was constituted stipulates that the Minister shall transmit annually to the Corporation d'urgences-santé de la région de Montréal Métropolitain, on the conditions he determines, its operating budget for the current fiscal year. In a letter dated December 5, 1989, the Minister informed the Corporation that its budget was $48 million and that this approved budget constitutes a maximum limit not to be exceeded without the express authorization of the Minister.

As mentioned in Note 3, the Corporation has exceeded, by an amount of $5 474 313, this budgetary authorization without having previously obtained the required authorization from the Minister of Health and Social Services.

The budgetary overexpenditure includes $2 198 722 in indemnity paid for the preventive withdrawal of ambulances (Note 7) which was not specifically authorized by the Gouvernement du Québec contrary to the requirements under section 26 of the Act under which the Corporation was constituted.

The Auditor General of Québec,
Rhéal Chatelain, F.C.A.

Québec, June 15, 1990

CURATEUR PUBLIC (LE)
R.S.Q., c. C-80
GENERAL FUND

REVENUE AND EXPENDITURE
for the year ended December 31, 1989

	1989	1988
REVENUE		
Property administration fees	6 673 531	6 144 380
Less:		
Waived fees	1 114 690	953 550
	5 558 841	5 190 830
Supervision fees for private curatorships and for tutorships	66 451	63 960
Interest on short-term deposits	93 904	
Interest on the general fund (page 179)	15 227	27 478
Investigation charges and other revenue	540 565	330 980
	6 274 988	5 613 248
EXPENDITURE		
Salaries and wages	6 691 594	5 937 864
Training and professional development	37 100	22 963
Travelling expenses	62 531	79 366
Professional services -- administration	168 864	234 925
Professional services -- data processing	49 472	19 865
Rent, taxes, insurance, power and maintenance	1 350 263	1 273 094
Telecommunications, postage and courier expenses	365 866	317 341
Stationery and office supplies	156 628	139 702
Publications and advertising	130 508	64 224
Rental and maintenance of machinery and equipment	139 817	134 527
Machinery and equipment	182 370	363 117
Other expenditure	8 129	1 504
	9 343 142	8 588 554
EXCESS OF EXPENDITURE OVER REVENUE CHARGED TO THE CONTINGENCY FUND MADE UP OF INVESTMENT EARNINGS FROM INACTIVE ACCOUNTS (page 178)	3 068 154	2 975 306

The notes are an integral part of the financial statements.

CURATEUR PUBLIC (LE)

GENERAL FUND

CHANGES IN THE CONTINGENCY FUND MADE UP OF INVESTMENT EARNINGS FROM INACTIVE ACCOUNTS
for the year ended December 31, 1989

	1989	1988
OPENING BALANCE	$4 530 682	$3 610 823
Investment earnings from inactive accounts of the fund under collective administration (page 179)	3 966 517	3 450 093
Interest on contingency fund made up of investment earnings from inactive accounts (page 179)	434 450	445 072
	8 931 649	7 505 988
Expenditure in excess of revenue (page 177)	3 068 154	2 975 306
CLOSING BALANCE (see hereunder)	$5 863 495	$4 530 682

The notes are an integral part of the financial statements.

GENERAL FUND

BALANCE SHEET
as at December 31, 1989

	1989	1988
ASSETS		
Short-term deposits	$4 000 000	
Advance to the fund under collective administration (page 183)	1 872 100	$4 782 152
Accrued interest on short-term deposits	41 993	
Other assets, at cost (Note 7, page 187)	268 942	133 013
	$6 183 035	$4 915 165
LIABILITIES		
Outstanding cheques less cash	$54 101	
Accounts payable and accrued expenses	265 439	$384 483
Contingency fund made up of investment earnings from inactive accounts (see hereabove)	5 863 495	4 530 682
	$6 183 035	$4 915 165

Nicole Fontaine
Public Curator

The notes are an integral part of the financial statements.

CURATEUR PUBLIC (LE)

FUND UNDER COLLECTIVE ADMINISTRATION

INVESTMENT EARNINGS
for the year ended December 31, 1989

	1989	1988
REVENUE		
Interest on bonds and short-term deposits	$23 672 860	$21 005 231
Amortization of bond discount	363 028	224 879
Gain (loss) on the disposal of bonds	572 075	(81 057)
	24 607 963	21 149 053
EXPENDITURE		
Safekeeping charges	83 000	73 383
Administration fees -- general fund	1 048 017	1 073 632
	1 131 140	1 147 015
NET INVESTMENT EARNINGS	$23 476 823	$20 002 038
DISTRIBUTION OF NET INVESTMENT EARNINGS		
Accounts under administration		
Curatorships (page 180)	$15 683 974	$13 097 864
Vacant estates (page 181)	455 956	385 241
Other jurisdictions (page 181)	712 966	684 278
Interest for distribution to accounts under administration (page 182)	2 207 733	1 912 012
	19 060 629	16 079 395
Inactive accounts		
Contingency fund made up of investment earnings from inactive accounts (page 178)	3 966 517	3 450 093
General fund		
Investment earnings relating to amounts owed to the general fund, including $434 450 ($445 072 in 1988) for the contingency fund made up of investment earnings from inactive accounts (page 178) and $15 227 ($27 478 in 1988) in the statement of revenue and expenditure (page 177)	449 677	472 550
	$23 476 823	$20 002 038

The notes are an integral part of the financial statements.

CURATEUR PUBLIC (LE)

FUND UNDER COLLECTIVE ADMINISTRATION

CHANGES IN CURATORSHIPS
for the year ended December 31, 1989

	1989	1988
OPENING BALANCE	$140 616 161	$126 022 847
Investment earnings (page 179)	15 683 924	13 897 844
	156 300 085	139 920 691
Receipts	90 928 199	87 565 345
Disbursements	67 509 681	62 642 120
	23 418 518	24 923 225
	179 718 603	164 843 916
Remittance of assets and transfer to inactive accounts	21 087 040	24 227 755
CLOSING BALANCE (page 183)	$158 631 563	$140 616 161

The notes are an integral part of the financial statements.

CURATEUR PUBLIC (LE)

FUND UNDER COLLECTIVE ADMINISTRATION

CHANGES IN VACANT ESTATES
for the year ended December 31, 1989

	1989	1988
OPENING BALANCE	$3 997 230	$3 400 978
Investment earnings (page 179)	455 906	385 241
	4 453 136	3 786 219
Receipts	1 119 264	1 051 803
Disbursements	650 061	687 667
	469 203	364 136
	4 922 339	4 150 355
Remittance of assets and transfer to inactive accounts	619 267	153 125
CLOSING BALANCE (page 183)	$4 303 072	$3 997 230

CHANGES IN OTHER JURISDICTIONS
for the year ended December 31, 1989

	1989	1988
OPENING BALANCE	$8 113 126	$6 954 716
Investment earnings (page 179)	712 966	684 298
	8 826 092	7 639 014
Receipts	2 312 906	1 699 011
Disbursements	704 347	436 160
	1 608 559	1 262 851
	10 434 651	8 901 865
Remittance of assets and transfer to inactive accounts	2 270 534	788 739
CLOSING BALANCE (page 183)	$8 164 117	$8 113 126

The notes are an integral part of the financial statements.

CURATEUR PUBLIC (LE)

FUND UNDER COLLECTIVE ADMINISTRATION

CHANGES IN INTEREST FOR DISTRIBUTION TO ACCOUNTS UNDER ADMINISTRATION
for the year ended December 31, 1989

	1989	1988
OPENING BALANCE	$20 170 580	$18 258 568
Investment earnings (page 179)	2 207 833	1 912 012
CLOSING BALANCE (page 183)	$22 378 413	$20 170 580

CHANGES IN INACTIVE ACCOUNTS
for the year ended December 31, 1989

	1989	1988
OPENING BALANCE	$36 113 070	$33 278 752
Transfer of curatorships, vacant estates and other jurisdictions	4 020 560	2 834 318
CLOSING BALANCE (page 183)	$40 133 630	$36 113 070

The notes are an integral part of the financial statements.

CURATEUR PUBLIC (LE)

FUND UNDER COLLECTIVE ADMINISTRATION

BALANCE SHEET
as at December 31, 1989

	1989	1988
ASSETS		
Cash	$929 005	$1 339 839
Short-term deposits	15 500 000	
Accrued interest on bonds and short-term deposits	5 398 416	4 982 921
Accounts receivable	137 953	48 470
Prepaid expenses	231 400	62 896
Bonds, at amortized cost (market value $217 510 600 in 1989; $208 895 912 in 1988)	213 474 615	207 675 986
	$235 671 389	$214 110 112
LIABILITIES		
Accounts payable	$29 627	$5 584
Deposits on offers to purchase property under appointed administration	158 867	312 209
Owed to the general fund (page 178)	1 872 100	4 782 152
	2 060 594	5 099 945
Accounts under administration		
Curatorships (page 180)	158 631 563	140 616 161
Vacant estates (page 181)	4 303 072	3 997 230
Other jurisdictions (page 181)	8 164 117	8 113 126
Interest for distribution to accounts under administration (Note 3, pages 186 and 182)	22 378 413	20 170 580
Inactive accounts (Note 4, pages 186 and 182)	40 133 630	36 113 070
	233 610 795	209 010 167
	$235 671 389	$214 110 112

Nicole Fontaine
Public Curator

The notes are an integral part of the financial statements.

CURATEUR PUBLIC (LE)

FUND UNDER APPOINTED ADMINISTRATION

BALANCE SHEET
as at December 31, 1989

	1989	1988
ASSETS		
Cash and deposit certificates	$6 035 795	$4 789 803
Bonds, at par value	5 898 800	5 245 600
Notes and other receivables	2 350 078	1 396 851
Mortgage loans, at cost	782 079	568 168
Shares, at market value	3 749 413	3 064 386
Real estate at weighted assessed value after deducting mortgage loans of $643 638 in 1989 and $935 887 in 1988	31 987 169	28 089 345
Valuables and goods in storage, at estimated net realizable value	701 005	450 572
Motor vehicles, at estimated net realizable value	239 610	372 591
	$51 743 949	$43 977 316
LIABILITIES		
Accounts payable and equity in property under administration (Note 5, page 186)	$51 743 949	$43 977 316

Nicole Fontaine
Public Curator

The notes are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS
December 31, 1989

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1. Constitution and purpose

The Public Curator is a person appointed by the Government under the Public Curatorship Act, (R.S.Q., c. C-80 and amendments). This Act was amended by the Act amending the Public Curatorship Act (S.Q., 1982, c. 46), which was assented to and came into force on December 16, 1982. The main purpose of the 1982 amendments was to enable the Public Curator to finance its activities from its own resources and provide him with greater operating autonomy.

The Public Curator's main duties, rights and obligations are:

- To protect the rights of an incompetent person placed under his guardianship;
- To administer and safeguard the property of such person;
- To liquidate vacant estates;
- To administer certain non-vacant estates, derelict, escheat or confiscated property, property belonging to persons unknown or whose location is unknown and property abandoned by wound-up corporations;
- To supervise the administration by private curators and tutors.

The Curator pays its own operating expenses out of property administration fees and from fees for the supervision of private curatorships and tutorships. Any excess of expenditure over revenue is charged against the contingency fund made up of investment earnings from inactive accounts. In the event that revenue should exceed expenditure, such excess would be remitted to the Consolidated Revenue Fund.

2. Accounting policies

Fund accounting

In accordance with the provisions of the Public Curatorship Act and the practice of fund accounting, the Public Curator uses a general fund to account for current operations related to its administration and funds under collective and appointed administration to account for transactions related to administered property.

General fund

The financial statements of the general fund of the Public Curator have been prepared on the accrual basis for expenditure, and in accordance with the following accounting policy for revenue from fees.

Fees

Fees for the administration of property and recorded on the accrual basis. Fees on inactive accounts are recorded when the latter are rendered. In addition, when administered accounts are rendered, certain adjustments resulting in increased or decreased fees may be needed following analysis of the fees required for transactions relating to administered property.

Fees for the supervision of private curatorships and tutorships are recorded when received.

Contingency fund made up of investment earnings from inactive accounts

Investment earnings from inactive accounts are recorded in the fund under collective administration and transferred to the contingency fund made up of investment earnings from inactive accounts of the general fund. Any excess of expenditure over the revenue of the general fund is charged against this fund.

Fixed assets

Acquisitions of machinery and equipment are charged to expenditure for the year.

Expenditures assumed by the Gouvernement du Québec

The cost of certain support services and the employer contribution to employee pension plans are assumed by the Gouvernement du Québec and are thus not shown in the statement of revenue and expenditure.

2. Accounting policies (cont'd)

Fund under collective administration

The financial statements of the fund under collective administration of the Public Curator have been prepared on the cash basis, with the exception of interest on investment earnings which is recorded on the accrual basis.

Distribution of net investment earnings of the fund under collective administration

Net investment earnings have been credited quarterly to the curatorship, vacant estate and other jurisdiction accounts, to the account for interest for distribution to administered accounts and to the general fund according to their principal balance at the beginning of the previous quarter. Subsequently, investment earnings are credited to the various administered accounts in accordance with the average daily balance of each account administered.

Fund under appointed administration

Property under appointed administration is recorded when the Public Curator's jurisdiction is established and as the existence of such property becomes known. Revenue from such property is credited to the administered accounts when received in the fund under collective administration.

3. Interest for distribution to administered accounts

Interest of $22 378 413 at December 31, 1989 for distribution to administered accounts (active, inactive and rendered) represents the undistributed investment earnings of the fund under collective administration of $9 213 023 at December 31, 1982 plus relevant accumulated quartely interest since that date.

No distribution to the pertinent accounts of the fund under collective administration has taken place since December 31, 1982.

Procedures are being prepared to allow distribution of these amounts to their rightful recipients as soon as possible.

4. Inactive accounts

Inactive accounts are accounts whose owners are unknown and untraceable. The funds from these accounts are remitted to the Minister of Finance 10 years after their administration is terminated, as defined under the regulation respecting the enforcement of the Public Curatorship Act.

5. Accounts payable

Accounts payable shown in the balance sheet of the fund under appointed administration will be paid from the assets of each administered account in question if they are sufficient. If these accounts are not sufficient to cover their debts, the accounts payable of such administered accounts will be paid up to the value of their assets.

6. Commitments

The Public Curator is committed, under operating leases extending to 1994, to pay $3 308 966 for premises and equipment.

The minimum payments required for the next five years are $1 282 358 $ in 1990, $813 877 in 1991, $454 774 in 1992 and 1993 and $303 183 in 1994.

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7. Contingent liability

The Public Curator of Québec has lodged a class action, in his capacity as appointed curator to an in-patient of l'Hôpital St-Ferdinand, against the Syndicat national des employés de l'Hôpital St-Ferdinand, the Fédération des affaires sociales and the Confédération des syndicats nationaux. This class action claims damages in favor of approximately 700 in-patients, as financial compensation following illegal walk-outs, sit-down strikes and work stoppages during the fall of 1984. A decision of the Superior Court, dated December 6, 1989, sentenced the defenders jointly to pay $1 137 500 to the members of the group represented by the Public Curator. Both parties have appealed at the beginning of January, 1990.

"Other assets" in the balance sheet of the general fund includes legal costs of $200 000 which cannot be retrieved from the Fonds d'aide aux recours collectifs. These legal costs will be recovered directly from the proceeds of the class action, should the decision favor the Public Curator, or will be assumed by the general fund of the Public Curator in the oppose case.

The potential net proceeds at the conclusion of this contingency will be recorded in the appropriate accounts of the fund under collective administration.

8. Event subsequent to the date of the financial statements

Act respecting the Public Curator

The Act respecting the Public Curator and amending the Civil Code and other legislative provisions (Bill 145 of 1989, c. 54), assented to June 22, 1989, came into force April 15, 1990. This Act replaces and purports to re-form the Public Curatorship Act (R.S.Q., c. C-80) and the protective supervision of disabled persons of full age.

Important amendments are brought notably to protective supervision, to supervision of tutorships and curatorships, and to the power of inquiry by the Public Curator.

This Act introduces new financing sources designed for ensuring autofinancing for the Public Curator's activities, and it provides transitional provisions necessary to implement the reform. These provisions touch mainly on integration into the new protective supervision of persons previously interdicted of unable.

The main changes brought to the financing and autofinancing of the Public Curator's activities are as follows:

- The Public Curator may require payment of fees and reimbursement of its expenses for the representation of persons.

- The contingency fund constituted by investment earnings from inactive accounts will be replaced by the reserve fund of the Public Curator.

  The reserve fund of the Public Curator shall be supported by revenues derived between devolution of the property to the state and remittance of the property to the Minister of Finance as well as by the annual excess of income over expenditures of the general fund. The balance of the contingency fund at April 15, 1990 will be transferred into this reserve fund together with the sum of $11 830 616 representing the portion of undistributed investment earnings at December 31, 1982 included in inactive accounts.

  The Government shall determine, each year, the amounts from the reserve fund to be remitted to the Consolidated Revenue Fund or applied to the operating deficit of the Public Curator, where such is the case.

- In summary, the Public Curator will finance its activities, from April 15, 1990 onwards, mainly through revenue from fees and, where such is the case, from amounts drawn from the reserve fund as determined by the Government.

AUDITORS' REPORT

To the Minister of Justice
Parliament Building, Québec City

We have examined the balance sheet of the fund under collective administration and the balance sheet of the fund under appointed administration of the Curateur public du Québec as at December 31, 1989 and the statements of investment earnings, changes in curatorships, vacant estates, other jurisdictions, interest for distribution to accounts under administration and inactive accounts of the fund under collective administration for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the fund under collective administration and of the fund under appointed administration of the Curateur public du Québec as at December 31, 1989 and the operating results of the fund under collective administration for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Raymond, Chabot, Martin, Paré
Chartered Accountants

Montréal, February 23, 1990

AUDITOR'S REPORT

I have examined the balance sheet of general fund of the Curateur public du Québec as at December 31, 1989 as well as the statement of changes in the contingency fund made up of investment earnings from inactive accounts and the statement of revenue and expenditure for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the general fund as at December 31, 1989 and the results of its operations for the year then ended in accordance with the accounting policies as disclosed in Note 2 applied on a basis consistent with that of the preceding year.

On behalf of the Auditor General of Québec,
Guy Breton, F.C.A.
Assistant Auditor General

Québec, April 20, 1990

FONDATION DE LA FAUNE DU QUÉBEC
R.S.Q., c. C-61.1

REVENUE AND EXPENDITURE
for the year ended March 31, 1990

	1990	1989
		(Note 3)
REVENUE		
Contributions from fishing, hunting and trapping permits	$1 840 796	$1 745 832
Sale of stamps and photolithographs	181 576	117 997
Land paid for by the trust fund (Notes 3 and 5)		74 717
Land donated by the Gouvernement du Québec (Note 5)	63 964	
Donations	89 770	2 413
Recovery of salaries and wages	67 562	73 256
Interest on bank deposits	242 623	100 031
Other	801	12 719
	2 487 070	2 126 965
EXPENDITURE (Note 4)		
Intervention programs	670 861	546 357
Fund raising expenses	229 044	178 004
Administrative expenses	377 062	367 666
	1 276 967	1 092 027
REVENUE IN EXCESS OF EXPENDITURE	$1 210 103	$1 034 938

SURPLUS
for the year ended March 31, 1990

	1990	1989
OPENING BALANCE		
Previously stated	$1 718 828	$758 607
Adjustment to a previous year: Land paid for by the trust fund (Note 3)	74 717	
Adjusted balance	1 793 545	758 607
Excess of revenue over expenditure	1 210 103	1 034 938
CLOSING BALANCE	$3 003 648	$1 793 545

FONDATION DE LA FAUNE DU QUÉBEC

BALANCE SHEET
as at March 31, 1990

	1990	1989
		(Note 3)
ASSETS		
CURRENT ASSETS		
Cash	$10 976	$93 013
Term deposits and accrued interest -- at cost	2 687 188	1 420 534
Accounts receivable	404 929	283 302
Prepaid expenses	3 601	1 572
	3 106 694	1 798 421
WORKS OF ART	18 000	13 000
LAND (Note 5)	138 661	74 717
	$3 263 355	$1 886 138
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$206 519	$75 288
Deposits by customers and other	53 188	17 305
	259 707	92 593
SURPLUS	3 003 648	1 793 545
	$3 263 355	$1 886 138

TRUST FUND (Note 6)

COMMITMENTS (Note 7)

On behalf of the Board of Directors,

Gilles Barras
George Arseneault

NOTES TO FINANCIAL STATEMENTS
March 31, 1990

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1. Constitution and purpose

The Fondation de la faune du Québec, incorporated under the Act respecting the conservation and development of wildlife (R.S.Q., c. C-61.1 and amendments), was founded to promote the conservation and the development of wildlife and its habitat.

Part of the receipts from fishing, hunting and trapping permits, whose amount is set by Government regulation, is remitted by the Minister of Recreation, Fish and Game to the Fondation as a contribution to its financing.

2. Accounting policies

The financial statements of the Fondation were prepared by management in accordance with the accounting policies as disclosed hereunder. These statements include amounts based on best estimates and judgment.

Machinery and equipment

Purchases of machinery and equipment are charged to operations.

Works of art

Works of art are accounted for at cost, except for those that are donated or received as counterpart of services rendered, which are entered at their estimated market value at the transfer date.

Land

Donated land is entered, at the transfer date, at a value based on either the original cost to the trust fund or its municipal assessment.

Expenditure not included in the statement of revenue and expenditure

The cost of certain support services assumed by the Gouvernement du Québec and of professional and technical services provided free of charge by a "founding sponsor" are not included in the statement of revenue and expenditure.

Operations of the Fondation

Operations of the Fondation are accounted for on the accrual basis, except for contributions to the trust fund which are treated on the cash basis.

Funds in trust

The financial statements of the trust fund have been prepared on the cash basis.

3. Adjustment to a previous year

During the year ended March 31, 1989, the trust fund paid $74 717 for a parcel of land. This transaction should have been accounted for in the Fondation's books.

The financial statements of the Fondation for the year ended March 31, 1989 have been adjusted, thus increasing the following items:

	1989
Land	$74 717
Surplus	74 717
Excess of revenue over expenditure	74 717

3. Adjustment to a previous year (cont'd)

and the financial statements of the trust fund for the year ended March 31, 1989, presented in Note 6, have also been adjusted, thus decreasing the following items:

	1989
Land	(974 717)
Fund balance	(74 717)

4. Expenditure by category

Intervention programs

	1990	1989
Subsidies for selected projects:		
Trust fund -- five-year plan	$240 000	$160 000
Other	267 026	310 609
Salaries and wages	109 657	74 828
Professional fees	17 703	
Travelling expenses	7 300	2 004
Advertising and promotional expenses	26 891	17 127
Printing and office expenses	2 165	281
Machinery and equipment		1 338
	$670 861	$566 357

Fund raising expenses

	1990	1989
Professional fees	$32 405	$2 316
Commissions and royalties	21 540	20 759
Travelling expenses	6 570	8 951
Advertising and promotional expenses	73 616	81 483
Printing and courier services	96 830	64 405
	$229 064	$178 004

Administrative expenses

	1990	1989
Salaries and wages	$246 502	$250 053
Professional fees	21 347	16 114
Travelling expenses	25 442	20 869
Advertising and promotional expenses	9 629	18 273
Rent	27 441	19 172
Machinery and equipment	15 090	22 174
Data processing and accounting expenses	213	793
Printing and office expenses	28 578	19 813
Other		405
	$377 062	$367 666

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990

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5. Land

	1990	1989
Land donated by the Gouvernement du Québec (a)	$63 944	
Land paid for by the trust fund (b)	74 717	$74 717
	$138 661	$74 717

(a) Proceeds of the eventual sale of this land will reduce accordingly the Gouvernement du Québec's contribution as a partner in the trust fund.
(b) Under the umbrella agreement relating to the five-year plan on the preservation and development of wildlife habitats, the Fondation cannot, without the consent of involved parties, dispose of this land in whole or in part.

6. Trust fund -- Financial statements

The Fondation has agreed with other partners to implement a five-year plan for the protection and development of wildlife habitats. Under this agreement, the Fondation administers a trust fund, into which the Fondation is required to deposit the sums it receives and assign them to land purchase, development and restoration of land wildlife and fish habitats through projects selected by steering committees.

Balance sheet as at March 31, 1990

	1990	1989
Assets		
Cash	81 412	24 246
Short-term deposits -- at cost	705 000	546 271
Security deposit		2 000
	$786 412	$572 517
Fund balance	$786 412	$572 517

Changes in fund balance
for the year ended March 31, 1990

	1990	1989 (note 3)
Fund balance at the beginning		
Previously stated	$647 234	$310 000
Adjustment to a previous year:		
Land acquired for the Fondation (note 3)	(74 717)	
Adjusted balance	572 517	310 000
Receipts		
Contributions from the Fondation	240 000	140 000
Contributions from the Gouvernement du Québec	70 000	199 295
Contributions -- other partners	197 333	33 226
Interest on term deposits	77 201	56 491
	584 534	429 012
Amounts carried forward	$1 157 051	$739 012

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990

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6. Trust fund -- Financial statements (cont'd)

	1990	1989 (Note 3)
Amounts brought forward	$1 157 051	$719 012
Disbursements		
Land acquired for the Fondation		74 717
Land purchased for selected projets	346 270	
Development and restoration	46 462	69 000
Professional fees	56 458	2 165
Taxes and insurance	1 449	613
	450 639	146 495
Fund balance at the end	$706 412	$572 517

The financial statements of the Fondation de la faune du Québec do not include those of the trust fund.

7. Commitments

Under programs for the protection and development of wildlife habitats, the Fondation is committed by an agreement to give to the trust fund a contribution estimated at $55 000 and to assume the contribution expected from the Ministère du Loisir, de la Chasse et de la Pêche amounting to $400 000. These contributions, totalling $455 000, will be paid during the following years:

1991	$234 000
1992	221 000

The Fondation is also committed to pay $82 000 under financial assistance contracts on wildlife projects.

Moreover, the Fondation has evaluated and accepted various wildlife projects for which financial assistance contracts had not been signed yet at March 31, 1990. These current commitments total $351 000.

8. Pension plan

The Fondation employees are participants in the Government and Public Employees Retirement Plan (RREGOP). This plan is of the defined benefit type providing death and retirement benefits.

Contributions of the Fondation charged to operations for the year amount to $10 442 (1989: $7 667). Commitments of the Fondation toward this Government plan are limited to its current service contributions as an employer.

9. Comparative figures

Some figures for 1989 have been reclassified to make them consistent with the presentation adopted in 1990.

AUDITOR'S REPORT

I have examined the balance sheet of the Fondation de la faune du Québec as at March 31, 1990 as well as the statement of revenue and expenditure and the statement of surplus for the year then ended.

I have also examined the balance sheet of the Trust fund under the administration of the Fondation de la faune as at March 31, 1990 as well as the statement of changes in Trust fund balance for the year then ended. These are presented in Note 6.

My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fondation and the Trust fund as at March 31, 1990 and the results of the operations of the Fondation and the changes in Trust fund balance for the year then ended in accordance with the accounting policies disclosed in Note 2 applied on a basis consistent with that of the preceding year.

The Auditor General of Québec,
Rhéal Chatelain, F.C.A.

Québec, June 15, 1990

FONDS D'AIDE AUX RECOURS COLLECTIFS
R.S.Q., c. R-2.1

REVENUE AND EXPENDITURE AND SURPLUS
for the year ended March 31, 1990

	1990	1989
EXPENDITURE		
Assistance to beneficiaries	$591 044	$364 845
Board of Directors expenses		
Fees and allowances	47 452	46 584
Communication and travelling expenses	7 057	6 082
	54 509	52 666
Administrative expenses		
Salaries and wages	225 106	213 405
Communication and travelling expenses	4 507	3 815
Office expenses	6 875	9 294
Professional services	49 291	2 608
Advertising	6 315	15 415
Office equipment	33 432	5 081
	325 526	249 618
	971 079	667 129
REVENUE		
Subrogations	31 229	5 915
Interest on bank deposits and other revenue	12 549	1 423
Balances from class action suits	1 020	1 000
	44 798	8 338
EXPENDITURE IN EXCESS OF REVENUE	926 281	658 791
Subsidy from the Gouvernement du Québec	800 000	845 200
EXPENDITURE IN EXCESS OF REVENUE AND SUBSIDY	126 281	(186 409)
OPENING SURPLUS	197 146	10 737
CLOSING SURPLUS	$70 865	$197 146

FONDS D'AIDE AUX RECOURS COLLECTIFS

BALANCE SHEET
as at March 31, 1990

	1990	1989
ASSETS		
Cash	$165 966	$81 211
Subsidy receivable from the Gouvernement du Québec		195 405
Account receivable	1 020	
	$166 986	$276 616
LIABILITIES		
Accounts payable and accrued expenses	$56 121	$39 470
Advance from the Gouvernement du Québec	40 000	40 000
	96 121	79 470
SURPLUS	70 865	197 146
	$166 986	$276 616

COMMITMENTS (Note 3)

On behalf of the Board of Directors,

Allan Zilbert, président
Lina Bisson-Jolin
Danièle DesChênes

NOTES TO FINANCIAL STATEMENTS
March 31, 1990

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1. Constitution and purpose

A corporation within the meaning of the Civil Code, the Fonds d'aide aux recours collectifs was created under the Act respecting the class action (R.S.Q., c. R-2.1) for the purpose of funding class action suits as well as disseminating information related to exercising these actions.

2. Accounting policies

The financial statements of the Fonds were prepared by management on the accrual basis in accordance with the accounting policies as disclosed below. These statements include amounts based on best estimates and judgment.

Financial assistance to beneficiaries

Assistance to beneficiaries is recorded when paid.

Fixed assets

The purchase of office equipment is charged to operations.

Revenue

The balances from decisions on class action suits are recorded as revenue when assigned to the Fonds by the court. Revenue from subrogations is entered on the cash basis.

Expenditures assumed by the Gouvernement du Québec

The cost of certain support services paid out of the appropriations of various Government departments and agencies is not shown in the statement of revenue and expenditure and surplus.

3. Commitments

The Minister of Justice authorizes the Fonds to make financial commitments to the amount of $1 200 000. In addition to assistance to beneficiaries allocated and paid out as of March 31, 1990, commitments made by the directors of the Fonds for such purposes amounted to approximately $1 005 900.

AUDITOR'S REPORT

I have examined the balance sheet of the Fonds d'aide aux recours collectifs as at March 31, 1990 as well as the statement of revenue and expenditure and surplus for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fonds as at March 31, 1990 and the results of its operations for the year then ended in accordance with the accounting policies disclosed in Note 2 applied on a basis consistent with that of the preceding year.

The Auditor General of Québec,
Rhéal Chatelain, F.C.A.

Québec, June 14, 1990

FONDS D'ASSURANCE-PRÊTS AGRICOLES ET FORESTIERS
R.S.Q., c. A-29.1

REVENUE AND EXPENDITURE
for the year ended March 31, 1990

	1990	1989
EXPENDITURE		
Reimbursement of losses to lenders	$28 927 986	$28 911 301
REVENUE		
Insurance charges	4 674 815	1 130 641
Investment earnings (Note 3)	1 572 307	930 013
Recovery of losses	99 557	85 397
	6 346 679	2 146 051
EXPENDITURE IN EXCESS OF REVENUE	22 581 307	26 765 250
Contribution from the Gouvernement du Québec (Note 4)	27 841 744	27 895 510
CONTRIBUTION AND REVENUE IN EXCESS OF EXPENDITURE	$5 260 437	$1 130 260

EQUITY
for the year ended March 31, 1990

	1990	1989
OPENING EQUITY	$1 130 260	$10 000 000
Endowment converted into an advance from the Gouvernement du Québec		(10 000 000)
Contribution and revenue in excess of expenditure	5 260 437	1 130 260
CLOSING EQUITY	$6 390 697	$1 130 260

FONDS D'ASSURANCE-PRÊTS AGRICOLES ET FORESTIERS

BALANCE SHEET
as at March 31, 1990

	1990	1989
ASSETS		
Cash	$346 079	$535 878
Investment earnings receivable	272 581	84 974
Deposits in the general fund of the Caisse de dépôt et placement du Québec		
Demand deposits	420 846	219 436
Term deposits	5 500 000	500 000
Participation deposits (Note 5)	10 006 956	10 006 956
	$16 546 462	$11 347 244
LIABILITIES		
Accounts payable	$33 017	$68 660
Advances from the Gouvernement du Québec -- without interest or terms of repayment	10 122 748	10 148 324
	10 155 765	10 216 984
EQUITY	6 390 697	1 130 260
	$16 546 462	$11 347 244

INSURED LOANS (Note 6)

On behalf of the Board of Directors,

Michel R. St-Pierre
Gaston Grammond

NOTES TO FINANCIAL STATEMENTS
March 31, 1990

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1. Constitution and purpose

A corporation within the meaning of the Civil Code, the Fonds was created under the Act respecting farm-loan insurance and forestry-loan insurance (R.S.Q., c. A-29.1). It guarantees to lenders recovery of losses in principal and interest on farm or forestry loans granted since August 1, 1978 along with any expenditure eligible under regulations and incurred by the lender to safeguard loan guarantees or for recovering from a defaulting borrower any amount due under the terms of a loan.

2. Accounting policies

The financial statements were prepared by management in accordance with the accounting policies as disclosed below. These statements include amounts based on best estimates and judgment.

Reimbursement of losses to lenders

The reimbursement of losses on insured loans is recorded upon payment to lenders.

Insurance charges

Insurance charges are recorded on the cash basis.

Investment earnings

Investment earnings are recorded on the accrual basis.

Administrative expenses

Administrative expenses of the Fonds are paid out of the appropriations of various Government departments and agencies. They are not shown in the statement of revenue and expenditure.

Deposits in the general fund of the Caisse de dépôt et placement du Québec

Participation deposits are recorded at cost.

3. Investment earnings

	1990	1989
General fund of the Caisse de dépôt et placement du Québec:		
Participation deposits	$1 086 242	$885 919
Other deposits	443 532	20 480
Interest on bank deposits	42 533	23 614
	$1 572 307	$930 013

4. Contribution from the Gouvernement du Québec

Under the provisions of the Act respecting farm-loan insurance and forestry-loan insurance, since August 11, 1988 and until April 1, 1992, the sums required to meet the obligations of the Fonds are paid out of the net earnings from the $10 million advance from the Government. When these earnings are not sufficient, the Government pays out of the Consolidated Revenue Fund, at the request of the Fonds, the sums required to fulfil the commitments.

5. Participation deposits

Participation deposits in the general fund of the Caisse de dépôt et placement du Québec are expressed in units and each unit entitles its holder to a proportionate participation in the net equity and the net revenue of the general fund. These units are repayable on advance notice according to the terms of Caisse de dépôt regulations, at the realizable value of the general fund's net equity at the end of each month.

	1990	1989
Number of units	12 871	12 871
Cost of units	$10 006 956	$10 006 956
Unit realizable value	$804	$828
Realizable value of the units	$10 343 308	$10 656 831
Proportion of units held in the general fund	0,054%	0,057%

6. Insured loans

At March 31, the principal balance on loans for which the Fonds has insured repayment of losses established according to information obtained from lenders breaks down as follows:

	1990	1989
Act to promote long-term farm credit by private institutions (R.S.Q., c. C-75.1)	$1 199 070 000	$1 313 163 000
Act respecting farm financing (R.S.Q., c. F-1.2)	291 225 000	43 716 000
Act to promote farm improvement (R.S.Q., c. A-18)	170 674 000	246 558 000
Act to promote forest credit by private institutions (R.S.Q., c. C-78.1)	76 112 000	58 521 000
Act to promote credit to farm producers (R.S.Q., c. C-77)	17 132 000	47 725 000
Forestry Credit Act (R.S.Q., c. C-78)	16 926 000	20 544 000
Farm Credit Act (R.S.Q., c. C-75)	14 567 000	16 079 000
Act to promote special credit to agricultural producers during critical periods (R.S.Q., c. C-79)	504 000	1 066 000
	$1 786 210 000	$1 747 372 000

During the year, the Fonds disbursed $28,9 million out of the $72 million it estimated would have to be paid to lenders at March 31, 1989. According to an analysis of insured loans in default for more than one year as at March 31, 1990, the estimated amount of losses to lenders that the Fonds could have to reimburse is $42 million; payments will be spread over the coming years.

FONDS D'ASSURANCE-PRÊTS AGRICOLES ET FORESTIERS

AUDITOR'S REPORT

I have examined the balance sheet of Fonds d'assurance-prêts agricoles et forestiers as at March 31, 1990 as well as the statement of revenue and expenditure and the statement of equity for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fonds d'assurance-prêts agricoles et forestiers as at March 31, 1990 and the results of its operations for the year then ended in accordance with the accounting policies disclosed in Note 2 applied on a basis consistent with that of the preceding year.

On behalf of the Auditor General of Québec,
Guy Breton, F.C.A.
Assistant Auditor General

Québec, June 7, 1990

FONDS DE LA RECHERCHE EN SANTÉ DU QUÉBEC
R.S.Q., c. D-9.1

REVENUE AND EXPENDITURE AND SURPLUS
for the year ended March 31, 1990

	1990	1989
REVENUE		
Subsidies (Note 3)	$38 782 210	$35 783 166
Interest and other revenue (Note 4)	2 655 479	2 069 335
	41 437 689	37 852 501
SCHOLARSHIPS AND GRANTS AWARDED (Note 5)	38 871 258	36 858 533
	2 566 431	993 968
OPERATING EXPENSES		
Salaries and wages	831 703	751 103
Professional fees	71 822	58 450
Travelling expenses	69 713	82 300
Office space	192 577	179 931
Office expenses	211 971	227 622
Furniture, equipment and maintenance	133 500	88 193
	1 511 286	1 387 599
REVENUE IN EXCESS OF EXPENDITURE	1 055 145	(393 631)
OPENING DEFICIT	(452 031)	(58 400)
CLOSING SURPLUS (DEFICIT) (Note 6)	$603 114	($452 031)

FONDS DE LA RECHERCHE EN SANTÉ DU QUÉBEC

BALANCE SHEET
as at March 31, 1990

	1990	1989
ASSETS		
Cash	$302 979	
Short-term deposits and accrued interest -- at cost	9 204 210	$8 385 112
Subsidies receivable	915 560	140 178
Accounts receivable	18 977	1 308
Prepaid expenses	16 169	25 396
	$10 457 895	$8 551 994
LIABILITIES		
Outstanding cheques less cash		$167 375
Scholarships and grants payable	$9 178 646	8 650 199
Accounts payable and accrued expenses	144 035	97 251
Deferred revenues (Note 7)	532 100	89 200
	9 854 781	9 004 025
SURPLUS (DEFICIT) (Note 6)	603 114	(452 031)
	$10 457 895	$8 551 994

COMMITMENTS (Note 8)

On behalf of the Board of Directors,

Patrick Vinay
Victor C. Goldbloom

NOTES TO FINANCIAL STATEMENTS
March 31, 1990

---

1. Constitution and purpose

The Fonds de la recherche en santé du Québec is incorporated under the Act to promote the advancement of science and technology in Québec (R.S.Q., c. D-9.1). Its purpose is to promote or support financially, through grants and scholarships, research and the training and upgrading of researchers in the health field. In addition, it implements the financial assistance programs entrusted to it by another Act or, when authorized by the Government and under conditions set by it, the financial assistance programs entrusted to it by a department or public organization.

2. Accounting policies

The financial statements of the Fonds were prepared by management on the accrual basis in accordance with the accounting policies as disclosed hereunder. These statements include amounts based on best estimates and judgment.

Scholarships and grants awarded

Scholarships and grants awarded as part of Fonds activities are recorded at the time they are granted, regardless of the terms under which they are granted or their payment periods, taking into acccount grants awarded by the Gouvernement du Québec, its agencies and private enterprise for the current year.

Scholarships and grants that are cancelled or recovered are recorded for the year in which they were cancelled or recovered.

Fixed assets

The purchase of furniture and equipment as well as leasehold improvements are charged to the operating expenses of the Fonds.

3. Subsidies

	1990	1989
Gouvernement du Québec		
Ministère de la Santé et des Services sociaux		
Scholarships and grants for research	$29 710 600	$26 910 600
Scholarships and grants -- Community health		500 166
Other scholarships and grants	225 000	540 000
Operating expenses of the Fonds	1 452 000	1 306 400
	31 387 600	29 257 166
Régie de l'assurance-maladie du Québec	6 499 200	5 856 000
Régie de l'assurance automobile du Québec	488 110	430 000
	38 374 910	35 543 166
Other	407 300	240 000
	$38 782 210	$35 783 166

4. Interest and other revenues

	1990	1989
Interest on short-term deposits	$2 270 070	$ 1 577 300
Cancellation and recovery of scholarships and grants	320 015	429 571
Other	65 394	62 464
	$2 655 479	$2 069 335

5. Scholarships and grants awarded

	1990	1989
Grants to research centres and institutes of the health and social services network	$20 980 999	$20 168 315
Grant-holding researchers from the RAMQ subsidy	6 621 884	5 848 430
Other scholarships and grants	11 268 375	10 841 788
	$38 871 258	$36 858 533

6. Surplus

The Board of Directors of the Fonds expects to allocate the $603 114 surplus as at March 31, 1990 to grants to be awarded during year 1990-1991, in relation to the following programs:

- Grants for building research group on AIDS treatment.

- Grant for the development and strengthening of the mental health research network.

7. Deferred revenues

This item includes a $90 000 subsidy received during the year ($62 400 in 1989-1990) from a private enterprise to finance grants for future years.

8. Commitments

Scholarships and grants

At March 31, 1990, commitments of the Fonds with respect to scholarships and grants chargeable to the year ending March 31, 1991 total $31,2 million. However, the awarding of such scholarships and grants is subject to the appropriations alloted by Parliament.

Leases

The Fonds is committed with respect to long-term leases for office space and equipment, ending at various dates up to September 30, 1991. The lease for office space includes a five-year renewal option.

Rent for the year ended March 31, 1990 amounts to $188 458. Minimum future payments are as follows:

1991	$155 848
1992	77 924
	$233 772

9. Comparative figures

Certain figures from 1989 have been reclassified for consistency with the presentation adopted in 1990.

FONDS DE LA RECHERCHE EN SANTÉ DU QUÉBEC

AUDITOR'S REPORT

I have examined the balance sheet of the Fonds de la recherche en santé du Québec as at March 31, 1990 as well as the statement of revenue and expenditure and surplus for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fonds as at March 31, 1990 and the results of its operations for the year then ended in accordance with the accounting policies disclosed in Note 2 applied on a basis consistent with that of the preceding year.

The Auditor General of Québec,
Rhéal Chatelain, F.C.A.

Québec, May 18, 1990

FONDS D'INDEMNISATION DU COURTAGE IMMOBILIER
R.S.Q., c. C-73

REVENUE AND EXPENDITURE AND SURPLUS
for the year ended March 31, 1990

	1990	1989
REVENUE		
Contributions	$420 030	$72 780
Interest on short-term investments	24 106	498
	444 136	73 278
EXPENDITURE		
Directors' fees	4 850	6 700
Travelling expenses	6 186	2 810
Professional fees	600	
Advertising	17 208	543
Bank charges	408	15
	29 252	10 068
REVENUE OVER EXPENDITURE	414 884	63 210
SURPLUS (DEFICIT) AT THE BEGINNING	53 870	(9 340)
SURPLUS AT THE END	$468 754	$53 870

BALANCE SHEET
as at March 31, 1990

	1990	1989
CURRENT ASSETS		
Cash	$5 836	$33 190
Owed by the Gouvernement du Québec	40 890	20 680
Short-term investments and accrued interest -- at cost	422 918	
	$469 644	$53 870
LIABILITIES		
Contributions to be refunded	$890	
SURPLUS (Note 3)	468 754	$53 870
	$469 644	$53 870

On behalf of the Board of Directors,

François Pigeon
Damien St-Laurent

NOTES TO FINANCIAL STATEMENTS
March 31, 1990

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1. Constitution and purpose

The Fonds d'indemnisation du courtage immobilier is a corporation constituted under the Real Estate Brokerage Act (R.S.Q., chapter C-73). Its purpose is to administer a fund to guarantee the liability that may be incurred by a broker, a registered builder or an agent owing to fraud, dishonest transactions, or misappropriation of funds or other property that shall be deposited in a trust fund in accordance with the said Act.

Financing for this fund is provided by contributions levied upon issue or renewal of permits to real estate brokers or agents.

2. Accounting policies

The financial statements of the Fonds were prepared by management in accordance with generally accepted accounting principles.

3. Surplus

Pursuant to the regulation concerning the Fonds d'indemnisation du courtage immobilier, the Minister responsible for the administration of the Real Estate Brokerage Act may authorize the Board of Directors of the Fonds to utilize, under certain conditions, interest yielded on the sums of money constituting the fund for the purpose of research, training and information in the field of real estate brokerage or in related activities. At March 31, 1990, the surplus included $24 604 in unused interest.

AUDITOR'S REPORT

I have examined the balance sheet of the Fonds d'indemnisation du courtage immobilier as at March 31, 1990 as well as the statement of revenue and expenditure and surplus for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fonds as at March 31, 1990 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The Auditor General of Québec,
Rhéal Chatelain, F.C.A.

Québec, May 16, 1990

FONDS POUR LA FORMATION DE CHERCHEURS ET L'AIDE À LA RECHERCHE
R.S.Q., c. D-9.1

SUBSIDY ALLOCATION AND SURPLUS
for the year ended May 31, 1990

	1990	1989
SUBSIDIES FROM THE GOUVERNEMENT DU QUÉBEC		
Research grants	$26 982 614	$22 342 704
Scholarships	14 177 700	12 177 700
Operating expenses of the Fonds	2 660 900	2 535 975
	43 821 214	37 056 379
INTEREST AND OTHER REVENUE	399 379	246 843
	44 220 593	37 303 222
GRANTS AND SCHOLARSHIPS AWARDED		
Research grants	26 344 636	22 251 140
Scholarships	14 604 873	11 705 926
	40 949 509	33 957 066
	3 271 084	3 346 156
OPERATING EXPENSES OF THE FONDS (Note 3)	2 719 324	2 616 390
NET PROFIT FOR THE YEAR	551 760	729 766
OPENING SURPLUS	2 090 807	1 361 041
CLOSING SURPLUS	$2 642 567	$2 090 807

FONDS POUR LA FORMATION DE CHERCHEURS ET L'AIDE À LA RECHERCHE

BALANCE SHEET
as at May 31, 1990

	1990	1989
ASSETS		
Cash	$129 203	$5 809
Short-term deposits and accrued interest -- at cost	2 987 703	2 910 441
Grants and scholarships to be recovered and other receivables	194 259	8 354
Prepaid expenses	37 791	18 100
	$3 348 956	$2 942 704
LIABILITIES		
Grants and scholarships payable	$374 043	$578 723
Accounts payable and accrued expenses	332 346	273 174
	706 389	851 897
SURPLUS	2 642 567	2 090 807
	$3 348 956	$2 942 704

COMMITMENTS (Note 5)

On behalf of the Board of Directors,

Maurice Boisvert
Claude Lajeunesse

NOTES TO FINANCIAL STATEMENTS
May 31, 1990

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1. Constitution and purpose

The Fonds pour la formation de chercheurs et l'aide à la recherche was incorporated under the Act to promote the advancement of science and technology in Québec (R.S.Q., c. D-9.1 and amendments) to promote or provide financial assistance, through grants and scholarships, for research undertaken in post-secondary education establishments; the work of researchers not attached to such establishments; the diffusion of knowledge in all fields of research; the training of researchers by awarding scholarships based on excellence to students at the master or doctorate level, to persons undertaking post-doctoral research and to those wishing to re-enter the research community, and upgrading scholarships. In addition, the Fonds implements the financial assistance programs entrusted to it by another Act or, when authorized by the Government and under conditions set by it, the financial assistance programs entrusted to it by a department or public agency.

2. Accounting policies

The financial statements of the Fonds were prepared by management on the accrual basis in accordance with the accounting policies disclosed hereunder. These statements include amounts based on best estimates and judgment.

Grants and scholarships awarded

Grants and scholarships awarded are recorded when granted.

Scholarships and grants that are cancelled or recovered are recorded during the year in which they are cancelled or recovered.

Fixed assets

The acquisition of furniture and equipment is charged to the operating expenses of the Fonds.

3. Operating expenses of the Fonds

	1990	1989
Salaries and wages	$1 792 527	$1 690 655
Travelling expenses of committee members	152 172	126 506
Transportation and communication	301 664	310 113
Professional, administrative and other services	54 371	55 869
Rent and business taxes	270 265	222 458
Maintenance and repairs	30 011	32 311
Office expenses	29 545	24 813
Furniture and equipment	88 769	153 665
	$2 719 324	$2 616 390

4. Pension plan

The supplemental pension plan for employees of the Fonds pour la formation de chercheurs et l'aide à la recherche is a contributory cost based plan. The employer's obligations are limited to contributions due in accordance with the provisions of the plan. This plan will not pay benefits in excess of available funds.

The cost of the plan for calendar year 1989 amounts to $49 250 ($47 324 in 1988) and represents the cost of current service.

NOTES TO FINANCIAL STATEMENTS (cont'd)
May 31, 1990

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5. Commitments

a. Grants and scholarships

At May 31, 1990, commitments by the Fonds for the year ending May 31, 1991 for grants and scholarships amount to $44 024 718 (1990: $41 256 398). Whether these grants and scholarships are awarded depends on the appropriations alloted by Parliament.

b. Long-term leases

The Fonds is committed under long-term leases of various durations through December 1995 for office space and equipment.

Rent for the year ended March 31, 1990 on these goods amounts to $235 580. Minimum future payments are as follows:

1991	$263 976
1992	127 459
1993	30 144
1994	26 640
1995	26 640
	$474 859

AUDITOR'S REPORT

I have examined the balance sheet of the Fonds pour la formation de chercheurs et l'aide à la recherche as at May 31, 1990 as well as the statement of subsidy allocation and surplus for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Fonds as at May 31, 1990 and subsidy allocation for the year then ended in accordance with the accounting policies disclosed in Note 2 applied on a basis consistent with that of the preceding year.

The Auditor General of Québec,
Rhéal Chatelain, F.C.A.

Québec, August 21, 1990

CONSOLIDATED STATEMENT OF OPERATIONS
for the year ended December 31
(in millions of dollars)

	1989	1988
REVENUE		
Sales of electricity (Note 2)	5 503	5 223
Other operating revenue	56	55
	5 559	5 278
EXPENDITURE		
Operations	1 597	1 391
Electricity purchased	253	136
Depreciation of fixed assets	585	538
Taxes (Note 3)	324	295
	2 759	2 360
INCOME BEFORE INTEREST AND EXCHANGE LOSS	2 800	2 918
Interest (Note 4)	2 165	2 050
Exchange loss	70	249
	2 235	2 299
NET INCOME	565	619

CONSOLIDATED STATEMENT OF RETAINED EARNINGS
for the year ended December 31
(in millions of dollars)

	1989	1988
Balance at beginning of year	3 476	3 157
Net income	565	619
	4 041	3 776
Dividends (Note 11)	182	300
Balance at end of year	3 859	3 476

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
for the year ended December 31
(in millions of dollars)

	1989	1988
FUNDS PROVIDED BY OPERATIONS		
Net income	565	619
Depreciation of fixed assets	585	538
Amortization of deferred expenses	181	358
Difference between pension expense and contributions	(66)	(77)
Other	24	3
	1 289	1 441
Changes in working capital (Note 12)	(313)	355
Dividends	(182)	(300)
	794	1 496
FUNDS PROVIDED BY EXTERNAL FINANCING		
Issue of long-term debt	2 894	1 860
Redemption of long-term debt	(1 223)	(1 249)
	1 671	611
FUNDS AVAILABLE FOR INVESTMENT	2 465	2 107
INVESTMENT		
Fixed assets	2 412	2 033
Grants under sales programs	32	62
Other	21	12
	2 465	2 107

CONSOLIDATED BALANCE SHEET
as at December 31
(in millions of dollars)

	1989	1988
ASSETS		
FIXED ASSETS		
Property and plant (Note 5)		
In service	31 415	29 990
Less accumulated depreciation	4 898	4 402
	26 517	25 588
Construction in progress	4 293	3 402
	30 810	28 990
CURRENT ASSETS		
Cash and temporary investments	571	145
Accounts receivable	1 251	1 051
Materials, fuel and supplies	289	242
	2 111	1 438
OTHER ASSETS		
Investments (Note 6)	153	127
Deferred expenses (Note 7)	878	1 207
	1 031	1 334
	33 952	31 762

Jeannine Guillevin Wood

Chairperson of the Audit Committee

Richard Drouin, Q.C.

Chairman of the Board and
Chief Executive Officer

Montréal, Canada
February 8, 1990

	1989	1988
LIABILITIES AND SHAREHOLDER'S EQUITY		
LONG-TERM DEBT (Note 8)	21 957	20 576
CURRENT LIABILITIES		
Accounts payable	1 090	723
Dividends payable	182	300
Notes payable	18	16
Accrued interest	865	756
Long-term debt payable within one year (Note 8)	1 045	989
	3 200	2 784
OTHER LIABILITY		
Decommissioning of the nuclear generating station (Note 9)	10	
PERPETUAL DEBT (Note 10)	552	552
SHAREHOLDER'S EQUITY		
Share capital		
Authorized		
50 000 000 shares par value of $100 each		
Issued and fully paid		
43 741 090 shares	4 374	4 374
Retained earnings	3 859	3 476
	8 233	7 850
	33 952	31 762

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 1989

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1. Significant accounting policies

a) Hydro-Québec mandate and rates

Under the provisions of its Act, Hydro-Québec has the mandate to supply power and to pursue endeavors in energy-related research and promotion, energy conversion and conservation, and any field connected with or related to power or energy. The rates and conditions under which power is supplied must be consistent with sound financial administration. The Hydro-Québec Act stipulates that the rates must be maintained at a level sufficient to defray at least all operating expenditures, interest on debt, and depreciation of fixed assets over a maximum period of 50 years. The rates are established by Hydro-Québec and are subject to the approval of the Gouvernement du Québec.

b) Consolidation

The consolidated financial statements include the financial statements of Hydro-Québec and its subsidiary companies.

c) Sales of electricity

Revenue from sales of electricity is recorded on the basis of cyclical billings. It is also accrued in respect of electricity delivered but as yet unbilled.

d) Property and plant

Property and plant include generating, transmission and distribution facilities and administration and service buildings, as well as construction, operating and research equipment. They are carried at cost, which comprises material, direct and indirect labor, and an appropriate proportion of the administration overhead, and of the engineering and management expenses capitalized during construction. The cost also includes borrowing costs capitalized to Construction in progress, as explained under (f) hereinafter.

Upon disposal, the asset unit and dismantlement costs, net of accumulated depreciation and salvage value, are charged to a separate account and amortized over 10 years according to the sinking fund method of depreciation, based on an interest rate of 3%. However, when the disposed asset units are replaced, the dismantlement cost, less the salvage value, is added to the cost of the new units and then depreciated according to the method and depreciable life appropriate to the new asset.

The costs of generating facilities, up to an amount equal to the accumulated cost at date of transfer, are transferred to Property and plant in service in instalments equal to the number of generating units completed and in service as a proportion of the total number scheduled for the new facility, on the basis of the present value of the total estimated cost. The costs of transmission, distribution and other facilities are transferred to Property and plant in service when these facilities are completed and in commercial operation.

e) Depreciation

Hydro-Québec uses the sinking fund method of providing for depreciation of its fixed assets (other than construction, operating and research equipment), based on an interest rate of 3% and the following expected service lives:

Hydraulic powerhouses, dams, reservoirs, transmission towers (steel) and conductors, and administration and service buildings	50 years
Hydraulic turbines and generators and distribution conductors	40 years
Nuclear generating station and its turbine, generator and reactor	30 years
Distribution poles	25 years

Construction, operating and research equipment is depreciated over its expected service life according to the straight-line method.

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1. Significant accounting policies (cont'd)

f) Borrowing costs capitalized to Construction in progress

Borrowing costs are added to the cost of construction in progress at a rate equivalent to the weighted average of the effective interest rates on Hydro-Québec's debt securities issued to finance such construction, and include the exchange loss on the principal amount of these debt securities. This rate was 10,30% in 1989 and 11,80% in 1988.

g) Research and development

Preliminary engineering, investigation and survey costs incurred on projects before authorization for their construction is obtained are charged to operating expenditure. The cost of research and development related to alternative energy sources, or not related to a specific project, is also charged to operations.

h) Materials, fuel and supplies

Inventories of materials, fuel and supplies are valued on an average cost basis.

i) Investments

All investments are shown at cost. The cost of temporary investments approximates market value.

j) Foreign currency translation

Revenue and expenditure resulting from transactions made in foreign currencies are translated into the Canadian dollar equivalent at exchange rates in effect at the transaction date. Monetary assets and liabilities are translated into Canadian dollars at exchange rates in effect at the balance sheet date, and non-monetary items are translated into Canadian dollars at exchange rates in effect at the transaction date. However, monetary items covered by monetary agreements against exchange risks are translated into Canadian dollars at the exchange rates established under the conditions of the relevant agreement.

The exchange gains or losses resulting from these translations are included in the Consolidated Statement of Operations; those pertaining to the capital of long-term debt are deferred and amortized on a straight-line basis over the remaining life of the debt securities, except when they relate to debt securities hedged by future revenue streams in United States dollars, in which case they are deferred until the date of repayment of such debt.

k) Grants under sales programs

In the framework of its plan to expand the Québec market, Hydro-Québec has implemented assistance programs for the marketing of electricity. The grants for these programs are deferred and amortized on a straight-line basis over the five years after the year in which they are made.

l) Debt-security discount and expenses

Debt-security discount and expenses are deferred and amortized on a straight-line basis over the life of the debt to which they apply.

m) Sinking funds

The sinking funds are formed through the purchase of Hydro-Québec debentures, or bonds issued or guaranteed by the Québec and Canadian governments. These funds are deducted from long-term debt. Government issued or guaranteed bonds are carried at cost; Hydro-Québec debentures are carried at par, which may not be indicative of cost or current market value. The profit or loss resulting from the redemption of these debentures and bonds is included with interest (see Note 4). The unamortized discount and expenses are written off when these debt securities are cancelled.

n) Dividends

The dividends declared by the Gouvernement du Québec (see Note 11) are deducted from the retained earnings of the year for which they were declared.

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1. Significant accounting policies (cont'd)

o) Decommissioning of the nuclear generating station

The estimated future costs of decommissioning the Gentilly 2 nuclear generating station are charged to operations, and comprise the total of the following:

- The present value of the total dismantlement cost, allocated on a straight-line basis over the remaining life of the generating station,
- The present value of the expected cost for final disposal of the irradiated fuel, allocated proportionately to the consumption of the fuel,
- Interest calculated on the amounts charged in preceding years, at the rate used to discount the amounts hereinabove.

The obligation related to the decommissioning is reflected under Other liability.

These costs are revised periodically in accordance with the various assumptions and estimates underlying the calculations, and with any technological advances that may arise in the decommissionning of nuclear generating stations.

p) Pension expense

The costs of the retirement plan are determined periodically by independent actuaries. Pension expense is charged to operations and comprises the total of the following:

- The cost of pension benefits provided in exchange for employees' services rendered during the year, as calculated using the projected benefit method prorated on services, and
- Amortization over the employees' expected average remaining service life, according to the level annual contribution method, of (i) adjustments arising from changes in the plan or in assumptions, (ii) experience gains or losses, and (iii) the plan surplus determined upon adoption of the 1986 recommendations of the Canadian Institute of Chartered Accountants.

The cumulative difference between pension expense and contributions made to the retirement fund is reflected in Deferred expenses.

2. Sales of electricity

Sales of electricity include $194 million from sales to the United States ($346 million in 1988).

3. Taxes

(in millions of dollars)

	1989	1988
Capital tax	157	142
Tax on gross revenue as municipal real estate tax on certain immovables	141	129
Real estate taxes	26	24
	324	295

4. **Interest**
(in millions of dollars)

	1989	1988
Interest on debt securities	2 536	2 338
Amortization of debt-security discount and expenses	22	21
Net loss on redemption of long-term debt	6	3
	2 564	2 362
Less		
Borrowing costs capitalized to Construction in progress	323	257
Net investment income	76	55
	399	312
	2 165	2 050

5. **Property and plant**
(in millions of dollars)

	1989			1988		
	Property and plant in service	Accumulated depreciation	Construction in progress	Property and plant in service	Accumulated depreciation	Construction in progress
Generation						
Hydraulic	14 033	1 946	2 007	13 581	1 771	1 730
Nuclear	1 468	192	11	1 457	159	12
Other	387	167	44	380	151	11
	15 888	2 305	2 062	15 418	2 081	1 753
Transmission						
Substations	3 397	455	927	3 152	401	624
Lines	4 246	586	828	4 156	531	537
	7 643	1 041	1 755	7 308	932	1 161
Distribution						
Substations	1 091	193	23	1 100	178	68
Lines	4 291	603	261	3 876	560	267
	5 382	796	284	4 976	738	335
Other						
Administration and service buildings	862	88	39	812	72	36
Equipment	918	501	14	792	430	
Sundry	722	167	139	684	149	117
	2 502	756	192	2 288	651	153
Total	31 415	4 898	4 293	29 990	4 402	3 402

6. Investments

(in millions of dollars)

	1989	1988
Churchill Falls (Labrador) Corporation Limited (CFLCo) (see Note 14)		
General Mortgage Bonds, 7 1/2%, due 1990 through 2010 (par value $82 million in 1989 and $83 million in 1988)	74	76
Common shares	34	34
	108	110
Other	45	17
	153	127

7. Deferred expenses

(in millions of dollars)

	1989	1988
Unrealized exchange loss	120	479
Grants under sales programs	170	226
Debt-security discount and expenses	229	197
Pension expense	291	225
Other	68	80
	878	1 207

8. Long-term debt

Hydro-Québec's long-term debt is guaranteed by the Province de Québec, except for an amount of $169 million ($177 million in 1988).

Debenture and other long-term debt maturities and sinking fund requirements, translated into Canadian dollars, are shown in the following table:

	1989		1988	
Years of maturity	(in millions of dollars)	Weighted average interest rate	(in millions of dollars)	Weighted average interest rate
1989			989	
1990	1 045		1 068	
1991	1 531		1 517	
1992	1 698		1 801	
1993	1 050		863	
1994	1 044			
1 -- 5 years	6 368	13,08%	6 238	12,31%
6 -- 10 years	6 282	10,09%	6 089	10,44%
11 -- 15 years	3 138	9,93%	3 046	9,75%
16 -- 20 years	2 824	10,74%	3 319	10,67%
21 -- 25 years	2 268	10,94%	1 682	11,36%
26 -- 30 years	509	10,16%	434	10,25%
31 -- 35 years				
36 -- 40 years	1 613	8,50%	757	8,25%
	23 002	10,97%	21 565	10,92%
Less				
Portion payable within one year	1 045		989	
	21 957		20 576	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (cont'd)
December 31, 1989

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8. Long-term debt (cont'd)

Repayments to be made in Canadian dollars and in foreign currencies, with their Canadian dollar equivalent, are shown in the following table:

	(in millions of units)			1989 Total (in millions of dollars)	1988 Total (in millions of dollars)
	1990 to 1994	1995 to 2029	Total	1990 to 2029	1989 to 2027
Canadian dollars	2 275	8 863	11 138	11 138	9 608
At rates established according to conditions of monetary agreement					
United States dollars	1 986	316	2 302	2 983	2 934
Deutsche marks	470	301	771	447	179
Swiss francs	575	100	675	439	195
Yen	25 000	20 450	45 450	412	412
Pounds sterling		75	75	174	174
ECUs		125	125	157	
				15 750	13 502
At rates in effect at balance sheet date					
United States dollars	316	4 886	5 202 *	6 027	6 058
Deutsche marks	373	385	758	518	700
Swiss francs	21	450	471	354	639
Yen					191
Pounds sterling		150	150	280	324
ECUs					70
Guilders	75	45	120	73	81
				7 252	8 063
				23 002	21 565

* A proportion of 91% (80% in 1988) is hedged by future revenue streams in United States dollars.

Hydro-Québec has two undrawn revolving standby credits for U.S.$400 million and U.S.$750 million which expire in 1993 and 1994, respectively. Any borrowing under these lines of credit will bear interest at a rate based on the London Interbank Offered Rate (LIBOR).

9. Decommissioning of the nuclear generating station

With a view to the decommissioning of the Gentilly 2 nuclear generating station, Hydro-Québec has this year begun to constitute a provision for its dismantlement and final disposal of the irradiated fuel. For 1989, this provision amounts to $1 million and $9 million respectively.

10. Perpetual debt

Perpetual notes in the amount of U.S.$400 million bear interest at a rate based on the London Interbank Offered Rate (LIBOR) established twice yearly. They are guaranteed by the Province de Québec and are redeemable, at Hydro-Québec's option only, beginning in 1991. These notes are shown in Canadian dollars at the exchange rate in effect at date of issue ($463 million at exchange rate in effect at balance sheet date).

11. Restrictions on dividends

Under the Hydro-Québec Act, the dividends to be paid by Hydro-Québec are declared once a year by the Gouvernement du Québec, which also determines the terms and conditions of payment. For a given financial year, they cannot exceed the distributable surplus, which is established as follows: 75% of income before interest and exchange loss and the year's net investment income, less interest on debt securities and amortization of debt-security discount and expenses. This calculation is made on the basis of the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (cont'd)
December 31, 1989

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11. Restrictions on dividends (cont'd)

However, in respect of a given financial year no dividend may be declared in an amount that would have the effect of reducing the rate of capitalization to less than 25% at the end of the year concerned. This rate corresponds to the ratio between shareholder's equity (less dividends declared for the year) and the total of long-term debt, notes payable, perpetual debt and shareholder's equity (less dividends declared for the year).

The government declares the dividends for a given year within 30 days after the transmission by Hydro-Québec to the government of the financial data relative to the distributable surplus. On expiry of the time prescribed, any distributable surplus or part thereof which has not been subject to a dividend declaration may no longer be distributed to the shareholder as a dividend.

In accordance with the above, dividends of $238 million could have been declared for the 1989 financial year. However, the Gouvernement du Québec declared dividends of $182 million.

12. Changes in working capital
(in millions of dollars)

	1989	1988
(Increase) decrease in current assets		
Cash and temporary investments	(426)	17
Accounts receivable	(200)	36
Materials, fuel and supplies	(47)	(19)
	(673)	34
Increase (decrease) in current liabilities		
Accounts payable	367	129
Dividends payable	(118)	300
Notes payable	2	(78)
Accrued interest	109	(30)
	360	321
	(313)	355

13. Retirement Plan
(in millions of dollars)

The Hydro-Québec retirement plan is a contributory, defined benefit pension plan based on final pay, under which benefits payable are guaranteed by Hydro-Québec. At December 31, 1989, 19 073 employees were contributing to the plan. An actuarial valuation was made in 1989 in order to determine the present value of accrued benefits based on employees' expected basic salary until retirement. The retirement fund assets are valued at market-related values.

At December 31, 1989, the date of the most recent valuation, the retirement plan showed a surplus as follows:

Retirement fund assets	3 178
Present value of accrued benefits	(2 573)
Excess special contributions made by Hydro-Québec	(21)
Surplus	584

For the year ended December 31, 1989, pension expense amounted to $27 million ($14 million in 1988).

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14. Commitments and projected capital expenditures

Churchill Falls

On May 12, 1969, Hydro-Québec signed a contract with Churchill Falls (Labrador) Corporation Limited (CFLCo) whereby Hydro-Québec undertook to purchase virtually all the power generated at the Churchill Falls generating station for a period of 40 years from September 1, 1976, except for an amount not to exceed 300 000 kilowatts of such power which may be recaptured by CFLCo. This contract will be automatically renewed for a further period of 25 years upon already agreed terms.

By this contract, Hydro-Québec undertook to make payment for energy whether or not taken, subject to certain limitations and compensations, and to pay CFLCo an amount equal to a portion of the interest charges on the debt incurred by CFLCo to finance the construction of the plant as well as an amount equal to a portion of the losses on foreign exchange incurred to service the debt issued in United States dollars. Hydro-Québec can also be required to make additional advances, against the issue of units of Subordinate Debentures and shares of Common Stock, to service the debt of CFLCo and to cover its expenses if funds are not otherwise available.

Projected capital expenditures

Hydro-Québec plans call for capital expenditures in the amount of $3 480 million for 1990.

15. Reclassification

Some of the comparative figures for 1988 were reclassified in order to conform to the presentation adopted in 1989.

AUDITORS' REPORT

To the Gouvernement du Québec,

We have examined the consolidated balance sheet of Hydro-Québec as at December 31, 1989, and the consolidated statements of operations, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of Hydro-Québec as at December 31, 1989, and the results of its operations and the changes in its financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Charette, Fortier, Hawey
Touche Ross
Chartered Accountants

Samson Bélair
Chartered Accountants

Montréal, Canada
January 31, 1990

STATEMENT OF CHANGES IN NET ASSETS
for the year ended December 31
(in millions of dollars)

	1989	1988
BALANCE AT BEGINNING OF YEAR	2 689	2 425
INCREASE		
Revenue from investments	293	219
Current contributions		
Employees	39	38
Hydro-Québec	77	74
	116	112
Hydro-Québec's contribution (Note 4)	16	16
	425	347
	3 114	2 772
DECREASE		
Excess special contributions made by Hydro-Québec (Note 4)	3	3
Benefits paid	87	80
	90	83
BALANCE AT END OF YEAR	3 024	2 689

HYDRO-QUÉBEC RETIREMENT FUND

STATEMENT OF NET ASSETS
as at December 31
(in millions of dollars)

	1989	1988
INVESTMENTS (Note 2)		
Bonds or debentures (Note 3)	1 392	1 387
Shares	1 081	649
Deep-discount investments guaranteed by the Government of Canada or by the provinces	230	231
Mortgage loans	69	51
Cash and short-term investments	223	354
	2 995	2 672
DIVIDENDS AND INTEREST RECEIVABLE	40	45
ACCOUNTS RECEIVABLE	10	6
	3 045	2 723
LESS		
Excess special contributions made by Hydro-Québec (Note 4)	21	34
	3 024	2 689

On behalf of Hydro-Québec,

Jeannine Guillevin Wood

Chairperson of the Audit Committee

Richard Drouin, Q.C.

Chairman of the Board and
Chief Executive Officer

Montréal, Canada
February 8, 1990

NOTES TO FINANCIAL STATEMENTS
December 31, 1989

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1. Significant accounting policies

These statements show only the net assets of the Hydro-Québec Retirement Fund, and do not purport to show the adequacy of the Fund to meet the obligations of the Hydro-Québec Retirement Plan, which are guaranteed by Hydro-Québec.

a) Investments

Bonds and debentures

Bonds and debentures are shown at amortized cost. Gains or losses on sales of bonds and debentures are calculated on an average amortized cost basis.

Shares

Shares are shown at cost. Revenue is recorded at the ex-dividend date. Gains or losses on sales of shares are calculated on an average cost basis.

Deep-discount investments

Deep-discount investments are shown at amortized cost.

Mortgage loans

Mortgage loans are shown at their principal balance outstanding.

Short-term investments

Short-term investments are shown at cost.

b) Recording of transactions

Revenue from investments, contributions and benefits are accounted for on an accrual basis.

c) Foreign currency translation

Revenue resulting from transactions made in foreign currencies is translated into the Canadian dollar equivalent at exchange rates in effect at the transaction date. Cash, short-term investments, dividends and interest receivable are translated into Canadian dollars at exchange rates in effect at the balance sheet date. Shares are translated into Canadian dollars at exchange rates in effect at the transaction date.

The exchange gains or losses resulting from these translations are reflected in revenue from investments.

2. Market value of investments
(in millions of dollars)

	1989	1988
Bonds or debentures (par value of $1 395 million in 1989 and $1 390 million in 1988)	1 399	1 392
Shares -- Canadian	993	597
-- Foreign	220	75
Deep-discount investments	263	244
Mortgage loans	69	51
Cash and short-term investments	223	354
	3 167	2 713

NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31, 1989

3. Bonds or debentures
(in millions of dollars)

	1989	1988
Issued or guaranteed by the Government of Canada	701	465
Issued or guaranteed by the Province de Québec	72	192
Of Hydro-Québec guaranteed by the Province de Québec	146	283
Issued or guaranteed by other provinces	137	86
Of municipalities, school commissions, Cegeps, hospitals and universities	202	212
Of corporations	134	149
	1 392	1 387

4. Actuarial valuation

An independent actuarial valuation made in 1989 for purposes of financing the Retirement Fund shows a net surplus for the overall plan at December 31, 1988. The fund of the basic plan of the Retirement Fund shows a surplus of $298 million while the fund of the supplementary plans shows a deficit of $108 million. In conformity with the bylaws governing Hydro-Québec's retirement plan, Hydro-Québec must amortize this deficit over a maximum period of 15 years.

Previous actuarial valuations revealed excess special contributions paid by Hydro-Québec in the financial years 1982 through 1984. These contributions and related interest are accounted for by decreasing the assets of the Retirement Fund in the item Excess special contributions made by Hydro-Québec.

AUDITORS' REPORT

To the Administrators,

We have examined the statement of net assets of the Hydro-Québec Retirement Fund as at December 31, 1989, and the statement of changes in net assets for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the net assets of the Hydro-Québec Retirement Fund as at December 31, 1989, and the changes in its net assets for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Charette, Fortier, Hawey
Touche Ross
Chartered Accountants

Samson Bélair
Chartered Accountants

Montréal, Canada
January 31, 1990

INSTITUT DE RECHERCHE ET D'INFORMATION SUR LA RÉMUNÉRATION
R.S.Q., c. R-8.2

REVENUE AND EXPENDITURE AND SURPLUS
for the year ended March 31, 1990

	1990	1989
EXPENDITURE		
Salaries and wages	$1 141 513	$985 433
Remuneration consultants	58 568	95 455
Professional fees	11 468	26 598
Travelling and entertainment	92 498	49 312
Rent	180 491	179 576
Furniture, equipment and leasehold improvements	42 071	57 171
Communications	15 231	16 397
Subscriptions, contributions and conventions	49 882	36 498
Printing	118 621	63 030
Office supplies and expenses	76 548	70 599
Interest and bank charges	14 359	11 568
	1 801 250	1 591 637
REVENUE		
Interest on bank deposits	6 045	8 020
Sale of reports	8 183	8 045
	14 228	16 065
EXPENDITURE IN EXCESS OF REVENUE	1 787 022	1 575 572
Gouvernement du Québec subsidy	1 745 400	1 573 400
EXPENDITURE IN EXCESS OF SUBSIDY AND REVENUE	41 622	2 172
OPENING SURPLUS	161 370	163 542
CLOSING SURPLUS	$119 748	$161 370

INSTITUT DE RECHERCHE ET D'INFORMATION SUR LA RÉMUNÉRATION

BALANCE SHEET
as at March 31, 1990

	1990	1989
CURRENT ASSETS		
Cash		$310 595
Accounts receivable	$797	1 277
Subsidy to be received from the Gouvernement du Québec	436 350	
Prepaid expenses	19 198	23 074
	$456 345	$334 946
CURRENT LIABILITIES		
Outstanding cheques less cash	$85 636	
Bank loan (Note 3)	140 000	
Accounts payable and accrued expenses	110 961	$173 576
	336 597	173 576
SURPLUS	119 748	161 370
	$456 345	$334 946

On behalf of the Board of Directors,

Jean-Louis Hérivault
Hélène Wavroch

NOTES TO FINANCIAL STATEMENTS
March 31, 1990

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1. Constitution, purpose and financing

L'Institut de recherche et d'information sur la rémunération is a corporation constituted under the Act respecting the negotiation regime for collective agreements in the public and para-public sectors (R.S.Q., c. R-8.2). Its purpose is to inform the public concerning the comparative state and trends of the overall pay of employees of the Government, school boards, colleges and other public establishments pursuant to the Act respecting health services and social services, on the one hand, and of the overall pay of other employees in Québec in any category it determines, on the other hand.

The funds the Institut needs for its operations are provided from appropriations voted each year for such purpose by the National Assembly as part of the budget of the Ministère du Travail (Program 2).

2. Accounting policies

The Institut's financial statements have been prepared by management on the accrual basis and in accordance with the accounting policies as disclosed below. These statements include amounts based on best estimates and judgment.

Fixed assets

Purchases of furniture and equipment as well as leasehold improvements are charged to operations.

Pension plan

The employer's contribution to the Government and Public Employees Retirement Plan (RREGOP) is assumed by the Gouvernement du Québec and is not shown in the statement of revenue, expenditure and surplus.

3. Bank loan

The subsidy to be received from the Gouvernement du Québec has been pledged as security for the bank loan.

AUDITOR'S REPORT

I have examined the balance sheet of the Institut de recherche et d'information sur la rémunération as at March 31, 1990 as well as the statement of revenue and expentiture and surplus for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Institut as at March 31, 1990 and the results of its operations for the year then ended in accordance with the accounting policies disclosed in Note 2 applied on a basis consistent with that of the preceding year.

On behalf of the Auditor General of Québec,
Guy Breton, F.C.A.
Assistant Auditor General

Québec, May 18, 1990

INSTITUT DE TOURISME ET D'HÔTELLERIE DU QUÉBEC
S.Q., 1988, c. 11

REVENUE AND EXPENDITURE AND DEFICIT
for the year ended June 30, 1989

REVENUE	
Food services	$866 093
Lodging	812 284
Interest on bank deposits	79 172
Other revenue (Note 3)	522 901
	2 280 450
EXPENDITURE (Note 4)	
Salaries and wages	10 138 675
Communications and travelling expenses	572 997
Guarding and other professional services	777 733
Rent	2 770 310
Maintenance and repairs	2 770 016
Educational and administrative supplies	2 182 817
Financial expenses	25 165
	19 237 713
EXPENDITURE IN EXCESS OF REVENUE	16 957 263
Subsidy from the Gouvernement du Québec (Note 5)	16 812 260
EXPENDITURE IN EXCESS OF REVENUE AND SUBSIDY AND DEFICIT AT JUNE 30, 1989	$145 003

INSTITUT DE TOURISME ET D'HÔTELLERIE DU QUÉBEC

BALANCE SHEET
as at June 30, 1989

ASSETS	
CURRENT ASSETS	
Term deposits	$2 374 800
Accounts receivable and accrued interest (Note 6)	381 181
Inventory (Note 7)	585 673
Prepaid expenses	20 596
	3 362 250
FURNITURE AND EQUIPMENT (Note 8)	145 241
	$3 507 491
LIABILITIES	
CURRENT LIABILITIES	
Outstanding cheques less cash	$357 212
Accounts payable and accrued expenses	1 414 005
Deferred subsidy from the Gouvernement du Québec (Note 5)	1 084 310
	2 855 527
EQUITY	
Contribution by the Gouvernement du Québec (Note 9)	796 967
Deficit	145 003
	651 964
	$3 507 491

On behalf of the Board of Directors,

Michel Fournelle
Pierre D. Brodeur

NOTES TO FINANCIAL STATEMENTS
June 30, 1989

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1. Constitution and purpose

The Institut de tourisme et d'hôtellerie du Québec is a corporation constituted under a special Act (1988, c. 11 and amendments) assented to June 15, 1988 and coming into force June 30, 1988.

Under its constitutive Act, the Institut acquired the rights and assumed the obligations of the administrative unit of the Ministère du Tourisme known as "Institut de tourisme et d'hôtellerie du Québec".

The objects of the Institut are to provide vocational training in the fields of hotel management, restauration and tourism, and to conduct research, supply technical assistance, produce information and provide services in those fields.

2. Accounting policies

The financial statements of the Institut were prepared by management on the accrual basis in accordance with the accounting policies as disclosed hereunder. These statements include amounts based on best judgment and estimates.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the following methods:

Food and beverages:	average cost
Small kitchen equipment:	actual cost
Hardware and tool equipment:	actual cost

Furniture and equipment

Furniture and equipment transferred by the Government upon constitution of the Institut is entered at the nominal value of $1.

Furniture and equipment acquired since June 30, 1988 is entered at cost and is not depreciated.

Subsidy from the Gouvernement du Québec

The Institut breaks down the annual subsidy from the Gouvernement du Québec in the following manner:

- Contribution from the Gouvernement du Québec

  . contribution for the acquisition of fixed assets;

- Operating subsidy

  . contribution to compensate the excess of expenditure over operating revenue.

Pension plan

The employer contribution to the Government and Public Employees Retirement Plan (RREGOP) is assumed by the Gouvernement du Québec and is not included in the statement of revenue and expenditure and deficit.

NOTES TO FINANCIAL STATEMENTS (cont'd)
June 30, 1989

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3. Other revenue

	1989
Custom training	$285 059
Registration	21 273
Seminars	61 225
Parking	40 199
Telephone calls -- hotel	22 571
Professional services -- departmental agreements	22 865
Other	69 709
	$522 901

4. Expenditure

	1989
Salaries and wages	
Salaries	$9 297 693
Fringe benefits	705 943
Services of the general student association	135 039
	$10 138 675
Communications and travelling expenses	
Travelling and entertainment expenses	$166 802
Postage and courier	48 626
Telephone	280 752
Advertising and promotion	66 508
Other	10 309
	$572 997
Guarding and other professional services	
Guarding and security	$289 460
Instructors and lecturers	121 829
Administration and data processing	246 721
Laundry and uniforms	85 175
Subscriptions	20 064
Other	14 484
	$777 733
Rent	
Rent on buildings	$2 681 937
Rent on office automation, documents reproduction and communication equipment	88 373
	$2 770 310

NOTES TO FINANCIAL STATEMENTS (cont'd)
June 30, 1989

4. Expenditure (cont'd)

	1989
Maintenance and repairs	
Dish-washing and cleaning	$1 378 264
Electricity and gas	700 945
Electrical and mechanical maintenance	477 681
Buildings and equipment	174 616
Data processing and office automation equipment	31 125
Other	7 385
	$2 770 016
Educational and administrative supplies	
Food, beverages and small equipment	$1 646 730
Maintenance supplies	225 830
Stationery and printing	140 453
Educational and administrative supplies	169 804
	$2 182 817
Financial expenses	
Collection charges on credit cards	$18 072
Other	7 093
	$25 165

5. Subsidy from the Gouvernement du Québec

	1989
Received	$18 041 810
Deferred to next year	1 084 310
	16 957 500
Contribution for the acquisition of fixed assets	145 240
	$16 812 260

6. Accounts receivable and accrued interest

	1989
Hotel customers	$53 778
Service de l'éducation permanente	320 059
Accrued interest	5 512
Advances -- travelling expenses	7 221
	386 570
Allowance for loss on accounts receivable	5 389
	$381 181

NOTES TO FINANCIAL STATEMENTS (cont'd)
June 30, 1989

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7. Inventory

	At June 30 1989	At June 30 1988
Food and beverages	$161 451	$204 008
Small kitchen equipment	171 502	160 052
Hardware and tool equipment	252 720	287 666
	$585 673	$651 726

The opening inventory at June 30, 1988 tranferred by the Gouvernement du Québec free of charge has been determined by the Institut from inventory records without a physical count.

8. Furniture and equipment

	1989
Furniture and equipment transferred free of charge	$1
Furniture, equipment and automative equipment acquired during the year (at cost)	145 240
	$145 241

Pursuant to the Institut's constitutive Act, the movable property belonging to the Gouvernement du Québec and utilized on June 29, 1988 for the operations of the administrative unit of the Ministère du Tourisme "Institut de tourisme et d'hôtellerie du Québec" became on June 30, 1988 the Institut's movable property . This transfer of furniture and equipment by the Gouvernement du Québec has been effected at the nominal value of $1.

9. Contribution by the Gouvernement du Québec

	1989
Assets transferred free of charge June 30, 1988	
Inventory	$651 726
Furniture and equipment	1
	651 727
Contribution for the acquisition of fixed assets	145 240
	$796 967

INSTITUT DE TOURISME ET D'HÔTELLERIE DU QUÉBEC

AUDITOR'S REPORT

I have examined the balance sheet of the Institut de tourisme et d'hôtellerie du Québec as at June 30, 1989 as well as the statement of revenue and expenditure and deficit for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances, except as explained in the following paragraph.

As disclosed in Note 7, the Institut determined the opening inventory at June 30, 1988 from inventory records without a counting of physical inventories at that date. Consequently, I was not able to satisfy myself concerning inventory quantities at June 30, 1988. Since opening inventories enter into the determination of the results of operations and the determination of the contribution by the Gouvernement du Québec, I was unable to determine whether adjustments to expenditure in excess of revenue and subsidy for the year and to contribution by the Gouvernement du Québec might be necessary.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to examine opening inventory quantities, as described in the preceding paragraph, the statement of revenue and expenditure and deficit present fairly the results of operations of the Institut for the year ended June 30, 1989 in accordance with the accounting policies disclosed in Note 2. Further, in my opinion, the balance sheet present fairly the financial position of the Institut as at June 30, 1989 in accordance with these accounting policies.

The Auditor General of Québec,
Rhéal Chatelain, F.C.A.

Québec, September 13, 1989

INSTITUT QUÉBÉCOIS DE RECHERCHE SUR LA CULTURE
R.S.Q., c. I-13.2

REVENUE AND EXPENDITURE AND DEFICIT
for the year ended March 31, 1990

	1990	1989
REVENUE		
Subsidy from the Gouvernement du Québec	$1 714 100	$2 066 200
Research grants -- Government of Canada and others	624 265	360 658
Grants for the publishing trade	16 555	15 409
Interest on term deposits	11 519	11 106
Sale of publications	179 824	88 614
Other	16 478	14 403
	2 562 741	2 556 390
EXPENDITURE (Note 6)		
Research	2 784 700	2 281 895
Administration	314 577	274 631
	3 099 277	2 556 526
NET LOSS	536 536	136
EQUITY AT THE BEGINNING	423 416	423 552
(DEFICIT) EQUITY AT THE END	($113 120)	$423 416

INSTITUT QUÉBÉCOIS DE RECHERCHE SUR LA CULTURE

CHANGES IN FINANCIAL POSITION
for the year ended March 31, 1990

	1990	1989
OPERATING ACTIVITIES		
Net loss	($536 536)	($136)
Items not affecting liquid assets:		
Depreciation on fixed assets	36 800	35 182
Loss on disposal of fixed assets	17 706	
	(482 030)	35 046
Changes in assets and liabilities related to operations	(41 384)	334 309
Funds (absorbed) generated by operating activities	(523 414)	369 355
FINANCING ACTIVITIES		
Funds absorbed by financing activities:		
Commitments under capital leases	(6 977)	(14 666)
INVESTMENT ACTIVITIES		
Acquisition of fixed assets	(76 177)	(49 388)
Disposal of fixed assets	5 651	
Funds absorbed by investment activities	(70 526)	(49 388)
(DECREASE) INCREASE IN LIQUID ASSETS	(600 917)	305 301
LIQUID ASSETS AT THE BEGINNING	399 085	93 784
(CASH DEFICIENCY) LIQUID ASSETS AT THE END	($201 832)	$399 085

The cash deficiency of the Institut consists of the bank loan less cash.

INSTITUT QUÉBÉCOIS DE RECHERCHE SUR LA CULTURE

BALANCE SHEET
as at March 31, 1990

	1990	1989
ASSETS		
CURRENT ASSETS		
Cash	$18 168	$99 085
Term deposits -- at cost		300 000
Accounts receivable	75 568	30 641
Subsidies receivable	193 243	126 747
Inventory	154 205	163 018
Goods in process	11 028	14 793
Prepaid expenses	431	3 557
	452 643	737 841
FIXED ASSETS (Note 3)	173 300	157 280
	$625 943	$895 121
ENDOWMENT FUND (Note 4)	$393 712	$349 827
LIABILITIES		
CURRENT LIABILITIES		
Bank loan	$220 000	
Accounts payable and accrued expenses	235 800	$141 063
Commitments under capital leases (Note 5)	2 961	6 977
Deferred revenues	280 302	320 704
	739 063	468 744
COMMITMENTS UNDER CAPITAL LEASES (Note 5)		2 961
(DEFICIT) EQUITY	(113 120)	423 416
	$625 943	$895 121
ENDOWMENT FUND -- FUND BALANCE (Note 4)	$393 712	$349 827

COMMITMENTS (Note 7)

On behalf of the Institut,

Georges Lamy
Nicole Laflamme

INSTITUT QUÉBÉCOIS DE RECHERCHE SUR LA CULTURE

NOTES TO FINANCIAL STATEMENTS
March 31, 1990

---

1. Constitution and purpose

A corporation within the meaning of the Civil Code, the Institut québécois de recherche sur la culture was founded under a special Act (R.S.Q., c. I-13.2) to promote Québec's cultural development by undertaking, encouraging and supporting research and studies on the different aspects of cultural phenomena.

By regulation, the Institut created an endowment fund to gather sums received by donation, bequest, grant or other form of contribution, except those received from the Government, its departments or its agencies. These sums may be used only for the purposes of assisting the Institut's development and defraying the costs of cultural research. This fund is the exclusive property of the Institut, and the fund's assets may not be withdrawn from the fund. Only the fund's earnings may be used for Institut operations.

2. Accounting policies

The Institut's financial statements were prepared by management in accordance with generally accepted accounting principles. These statements include amounts based on best estimates and judgment.

Inventory

Inventory consists of publications, whose value includes printing, copyright and graphics costs; salaries, fees and other indirect production charges are excluded. They are valued at the lower of such costs and net realizable value.

Publications dating back a year or more at March 31 are written down at 20% per year.

Goods in process

This item includes manuscript revision and proof-reading costs, professional fees, graphics and photography services for publications not yet completed.

Fixed assets

Fixed assets are recorded at cost and depreciated by the straight-line method over their estimated service life at the following rates:

	Rate
Equipment, furniture and sign	10%
Library	5%

Leases

When, under the terms of a lease, almost all advantages and risks pertaining to the property of the leased good are to the advantage or fall under the responsibility of the Institut, the cost of the leased good and the present value of the resulting commitment are recorded as the acquisition of assets and as a loan. The goods under such capital leases are depreciated by the same method as other fixed assets.

Rentals under operating leases are charged to operations.

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990

---

3. Fixed assets

	1990			1989
	Cost	Accumulated depreciation	Net	Net
Furniture	$122 267	$96 698	$25 569	$33 148
Library	9 466	4 636	4 830	5 304
Sign	937	752	185	279
Equipment	166 188	52 364	113 824	75 664
	298 858	154 450	114 408	114 395
Fixed assets under capital leases:				
Equipment	65 675	36 783	28 892	42 885
	$364 533	$191 233	$173 300	$157 280

4. Endowment fund

	1990	1989
Revenue		
Interest on term deposits	$43 898	$31 760
Expenditure	13	3
Revenue in excess of expenditure	43 885	31 757
Opening fund balance	349 827	318 070
Closing fund balance*	$393 712	$349 827
*Consists of:		
Cash	$306	$29
Term deposits -- at cost	385 934	346 929
Interest receivable	7 472	2 869
	$393 712	$349 827

The Institut's statement of revenue, expenditure and deficit does not include the operations of the endowment fund.

5. Commitments under capital leases

	1990	1989
Commitments under capital leases from 16% to 22% maturing in 1990	$2 961	$9 938
Instalments due within one year	2 961	6 977
		$2 961

5. Commitments under capital leases (cont'd)

Minimum payments under capital leases are as follows:

Total minimum payments	$3 178
Less: Interest included in minimum payments	217
	$2 961

6. Expenditure

	1990			1989
	Research	Administration	Total	Total
Salaries and wages	$1 815 472	$182 873	$1 998 345	$1 655 137
Researchers' fees	209 203		209 203	146 138
Cultural activities	74 074		74 074	33 887
Travelling and entertainment expenses	74 465	46 952	121 417	99 499
Supplies	106 021	8 572	114 593	111 011
Advertising	35 117		35 117	30 616
Maintenance and repairs	7 435	1 312	8 747	13 754
Rent	172 737	30 483	203 220	203 596
Electricity and heating	3 535	624	4 159	4 038
Telephone	44 609	7 239	51 848	46 429
Taxes and insurance	16 857	2 975	19 832	23 777
Professional fees		4 483	4 483	7 256
Publishing costs	152 613		152 613	79 140
Miscellaneous	2 658	543	3 201	12 477
Interest and bank charges		20 345	20 345	11 400
Loss in value of inventory	23 574		23 574	43 189
Loss on disposal of fixed assets	15 050	2 656	17 706	
Depreciation on fixed assets	31 280	5 520	36 800	35 182
	$2 784 700	$314 577	$3 099 277	$2 556 526

7. Commitments

The Institut is committed under long-term leases for office space, maturing at various dates up to March 14, 1996. In some cases, these leases include a one-year renewal option.

Rent for the fiscal year ended March 31, 1990 for this office space amounts to $200 958. Minimum future payments are as follows:

1991	$202 112
1992	160 529
1993	158 104
1994	164 428
1995	171 005
1996	177 485
	$1 033 663

8. Comparative figures

Certain figures from 1989 in the statement of revenue and expenditure and deficit have been reclassified to conform with the presentation for 1990.

INSTITUT QUÉBÉCOIS DE RECHERCHE SUR LA CULTURE

AUDITOR'S REPORT

I have examined the balance sheet of the Institut québécois de recherche sur la culture as at March 31, 1990 as well as the statement of revenue and expenditure and deficit and the statement of changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Institut as at March 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

On behalf of the Auditor General of Québec,
Guy Breton, F.C.A.
Assistant Auditor General

Québec, May 15, 1990

INSTITUT QUÉBÉCOIS DU CINÉMA
R.S.Q., c. C-18.1

REVENUE AND EXPENDITURE AND SURPLUS
for the year ended March 31, 1990

	1990	1989
EXPENDITURE		
Salaries and wages	$170 960	$143 546
Professional fees	104 890	80 742
Travelling expenses	7 659	11 015
Communications and advertising	21 293	26 182
Rent, maintenance and insurance	39 294	38 023
Taxes and licences	4 167	3 975
Furniture and equipment rental	5 813	6 857
In-city travel and other expenses of members	3 041	16 228
Printing and supplies	21 753	32 036
Depreciation on fixed assets	10 284	11 166
Interest and bank charges	2 027	639
	391 181	370 409
REVENUE		
Interest on bank deposits and other revenue	7 698	5 143
EXPENDITURE IN EXCESS OF REVENUE	383 483	365 266
SUBSIDIES (Note 3)	383 154	327 200
EXPENDITURE IN EXCESS OF REVENUE AND SUBSIDIES	329	38 066
OPENING SURPLUS	1 535	39 601
CLOSING SURPLUS	$1 206	$1 535

INSTITUT QUÉBÉCOIS DU CINÉMA

BALANCE SHEET
as at March 31, 1990

	1990	1989
ASSETS		
CURRENT ASSETS		
Cash		$38 540
Accounts receivable	$25 969	1 166
Subsidy receivable from the Société générale des industries culturelles	7 500	15 000
Prepaid expenses	565	3 515
	34 034	58 221
FIXED ASSETS (Note 4)	15 569	20 898
	$49 603	$79 119
LIABILITIES		
CURRENT LIABILITIES		
Outstanding cheques less cash	$2 459	
Bank loan	15 000	
Accounts payable and accrued expenses	26 335	$19 327
Deferred subsidies (Note 3)	4 603	58 257
	48 397	77 584
SURPLUS	1 206	1 535
	$49 603	$79 119

COMMITMENTS (Note 5)

On behalf of the Institut,

André Link
Hélène Lauzon

NOTES TO FINANCIAL STATEMENTS
March 31, 1990

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1. Constitution and purpose

The Institut québécois du cinéma is a corporation within the meaning of the Civil Code and was incorporated under the Cinema Act (R.S.Q., c. C-18.1).

One of the purposes of the Institut is to advise the Minister of Cultural Affairs of Québec on the preparation and implementation of its policy with respect to cinema and to conduct research and studies in the field of cinema.

2. Accounting policies

The Institut's financial statements were prepared by management in accordance with generally accepted accounting principles. These statements include amounts based on best estimates and judgment.

Fixed assets

Fixed assets are recorded at cost and depreciated at the following rates by the following methods:

	Method	Rate
Office furniture and equipment	Diminishing balance	20%
Data processing equipment	Straight-line	33 1/3%

3. Subsidies

	1990	1989
Gouvernement du Québec		
Operations	$291 200	$260 200
Study on the economics of cinema		22 000
Study group on projection halls		35 000
Public hearings (a)	23 300	
Study on videocassettes	15 000	
	329 500	317 200
Société générale des industries culturelles		
Study on the economics of cinema		10 000
	329 500	327 200
To be added:		
Transfer of deferred subsidies at March 31, 1989		
Gouvernement du Québec		
Study on the economics of cinema	33 000	
Study group on projection halls	10 257	
Société générale des industries culturelles		
Study on the economics of cinema	15 000	
	58 257	
	387 757	
To be deducted:		
Deferred subsidy at March 31, 1990		
Public hearings (a)	4 603	
	$383 154	$327 200

(a) The Institut received during the year ended March 31, 1990 a $23 300 subsidy from the Gouvernement du Québec to hold public hearings pursuant to the Cinema Act. At March 31, 1990 the unused balance on this subsidy amounted to $4 603.

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990

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4. Fixed assets

	1990			1989
	Cost	Accumulated depreciation	Net	Net
Office furniture and equipment	$31 157	$19 956	$11 201	$13 550
Data processing equipment	26 549	22 181	4 368	7 348
	$57 706	$42 137	$15 569	$20 898

5. Commitments

The Institut is committed under long-term leases expiring in 1995 for office space and equipment.

Rent under these leases amounts to $34 349 for the year ended March 31, 1990. The minimum future payments are as follows:

1991	$33 466
1992	4 834
1993	4 834
1994	4 834
1995	1 208
	$49 176

AUDITOR'S REPORT

I have examined the balance sheet of the Institut québécois du cinéma as at March 31, 1990 as well as the statement of revenue and expenditure and surplus for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Institut as at March 31, 1990 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The Auditor General of Québec,
Rhéal Chatelain, F.C.A.

Québec, June 18, 1990

LOTO-QUÉBEC
R.S.Q., c. S-13.1

CONSOLIDATED STATEMENT OF EARNINGS
for the year ended March 31, 1990
(in thousands of dollars)

	1990	1989
SALES -- Lottery tickets	1 214 543	1 158 170
COST OF SALES		
Prizes paid	570 125	542 695
Discounts to retailers	62 828	60 214
Printing of tickets	25 234	21 749
	658 187	624 658
GROSS INCOME	556 356	533 512
OPERATING EXPENSES		
Advertising and communications	24 881	22 228
Distribution and sales	18 889	20 463
Data processing	28 275	27 461
Administration	21 169	18 274
Research and development	1 515	1 880
Depreciation of fixed assets	8 695	7 372
Interest -- net (Note 3)	(93)	(4 137)
	103 331	93 541
INCOME BEFORE THE FOLLOWING ITEMS	453 025	439 971
Payments to the Government of Canada further to its withdrawal from the conduct of lotteries (Note 4)	11 397	10 889
Special commissions to non-profit organizations (Note 5)	497	411
	11 894	11 300
NET INCOME	441 131	428 671

CONSOLIDATED STATEMENT OF RETAINED EARNINGS
for the year ended March 31, 1990
(in thousands of dollars)

	1990	1989
BALANCE AT BEGINNING OF YEAR	39 697	11 026
Net income	441 131	428 671
Dividend	(473 000)	(400 000)
BALANCE AT END OF YEAR	7 828	39 697

CONSOLIDATED STATEMENT OF CHANGES IN LIQUIDITIES
for the year ended March 31, 1990
(in thousands of dollars)

	1990	1989
OPERATING ACTIVITIES		
Net income	441 131	428 671
Item not affecting liquidities		
Depreciation of fixed assets	8 695	7 372
	449 826	436 043
Changes in non-liquid assets and liabilities related to operations	11 485	16
Liquidities provided by operating activities	461 311	436 059
FINANCING ACTIVITIES		
Dividend	(477 500)	(359 500)
Return arising from capital leases	(659)	(752)
Liquidities used for financing activities	(478 159)	(360 252)
INVESTMENT ACTIVITIES		
Acquisition of fixed assets	(31 654)	(14 767)
Proceeds from disposal of equipment under capital leases		221
Liquidities used for investment activities	(31 654)	(14 546)
(DECREASE) INCREASE OF LIQUIDITIES	(48 502)	61 261
BALANCE (SHORTAGE OF LIQUIDITIES) AT BEGINNING OF YEAR	58 527	(2 734)
BALANCE AT END OF YEAR	10 025	58 527

Loto-Québec's liquidities include cash and term deposits.

LOTO-QUÉBEC

CONSOLIDATED BALANCE SHEET
as at March 31, 1990
(in thousands of dollars)

	1990	1989
ASSETS		
CURRENT		
Cash	525	910
Term deposits	9 500	57 617
Receivables (Note 6)	17 972	14 823
Prepaid expenses	5 956	9 198
	33 953	82 548
FIXED ASSETS (Note 7)	67 895	44 936
	101 848	127 484
LIABILITIES		
SHORT TERM		
Prizes payable	8 291	5 669
Dividend to be paid	36 000	40 500
Accounts payable and accrued liabilities (Note 8)	33 505	16 480
Unclaimed prizes (Note 9)	1 107	2 090
Deferred income -- lottery tickets	14 947	22 842
	93 850	87 581
LIABILITIES RESULTING FROM CAPITAL LEASES (Note 10)		36
	93 850	87 617
SHAREHOLDER'S EQUITY		
Capital shares authorized, issued and paid: 1 700 shares with a par value of $100 each	170	170
Retained earnings	7 828	39 697
	7 998	39 867
	101 848	127 484

CONTINGENCIES (Note 11)

On behalf of the Board of Directors,

David Clark
Francine Harel Giasson

NOTES TO FINANCIAL STATEMENTS
March 31, 1990

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1. Statutes and functions

La Société des loteries et courses du Québec, also designated as Loto-Québec, is a provincial crown corporation all of whose shares are held by the Gouvernement du Québec. According to its enabling Act (R.S.Q., c. S-13.1), its function is to conduct and manage lottery systems and, if so authorized by the Government, to hold races. In addition, and in return for financial considerations, the Société may offer consultation and implementation services in the areas of its competence.

2. Main accounting policies

The consolidated financial statements of Loto-Québec have been prepared by management in accordance with generally accepted accounting principles, with the reasonable limits ot their relative importance and within the framework of the following accounting principles.

Consolidation

The consolidated financial statements group the accounts of Loto-Québec with those of Lotim Inc., a wholly-owned subsidiary, as at December 31, 1989. The balance of inter-company transactions from January 1 to March 31 of each year is entered in the consolidated balance sheet under Receivables or Accounts payable, as the case may be.

Fixed assets

Fixed assets are presented at their original cost and, except for works of art, are depreciated according to their estimated useful life, using the following straight-line method rates:

Building	2%
Office furniture	10%
Equipment	33,3% and 20%
Improvements to rental holdings	Duration of leases
Rolling stock	30%

Income

Gross income from the sale of lottery tickets is recorded as of the date of the draw, with the exception of income originating from instant lotteries which is entered at the time of sale.

Lottery tickets sold as at March 31 for draws subsequent to that date, except for instant lotteries, are treated as deferred income; discounts to retailers on these sales are carried as prepaid expenses.

Prizes paid

In addition to prizes in cash and merchandise, Loto-Québec also awards free tickets. The value ascribed to these prizes is equal to the price of sale and is entered under Sales as Income and under Prizes paid as Expenses.

3. Interest income - net
(in thousands of dollars)

	1990	1989
Income from interest on current deposits	1 866	4 269
Interest on bank loans	(1 714)	
Interest resulting from capital leases	(59)	(132)
	93	4 137

4. Payments to the Government of Canada further to its withdrawal from the conduct of lotteries

Under an agreement between the Provincial Government and the Federal Government concerning the latter's withdrawal from the conduct of lotteries, the Provinces annually remit to the Federal Government the sum of 24 million dollars, in 1979 dollars.

The Gouvernement du Québec share is payable by Loto-Québec according to an agreement concluded between the Provinces and the regional lottery corporations. Loto-Québec will turn over more than 11 million dollars as its contribution for fiscal 1989-1990.

5. Special commissions to non-profit organizations

Further to a decision by the Société's sole shareholder, a commission equal to the discount allotted to retailers is awarded to non-profit organizations engaged in the selling of lottery tickets through the LOTOMATIQUE subscription system.

6. Receivables

(in thousands of dollars)

	1990	1989
Retailers	2 280	2 124
Wholesalers	12 217	5 724
Interprovincial Lottery Corporation Inc.	2 592	6 414
Miscellaneous	883	561
	17 972	14 823

7. Fixed assets

(in thousands of dollars)

	1990			1989
	Cost	Accumulative depreciation	Net	Net
Land	3 103		3 103	3 103
Building	24 208	2 159	22 049	20 778
Leasehold improvements	12 083	7 186	4 897	6 094
Equipment	73 826	38 767	35 059	12 409
Office furniture and rolling stock	5 336	3 151	2 185	2 088
Works of art	602		602	464
	119 158	51 263	67 895	44 936

8. Accounts payable and accrued liabilities

(in thousands of dollars)

	1990	1989
Suppliers and accrued liabilities *	32 628	15 669
Amount owed to subsidiary -- Lotim Inc.	877	811
	33 505	16 480

* Including the amount of $36 000 (in 1989: $659 000) for liabilities resulting from capital leases maturing in 1991.

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990

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9. Unclaimed prizes

Unclaimed prizes from the Mini-Loto and Inter Plus are entered under a provision for their subsequent distribution as bonus prizes.

10. Contingencies

Lease

Under a lease agreement expiring in 2003, the Société is committed to paying a minimum of $52 625 820 for the rental of premises occupied by its Head Office in a building held in joint tenancy with Immeubles Cadimont Inc.

Rental expenditures for the year ended March 31, 1990 are $4 180 158 (in 1989: $3 857 362). The consolidated rental expenditures are $2 090 079.

The minimum annual rental payment for each of the next five fiscal years is fixed at $4 048 140.

On-line lottery network

The Government has authorized Loto-Québec to upgrade its computerized games hardware and to equip itself with an alternate processing facility in the amount of $50 600 000, of which $43 210 316 have been entered on the books as at March 31, 1990. To date, the Société has concluded agreements for this project totalling $3 219 573.

AUDITOR'S REPORT

I have examined the consolidated balance sheet of Loto-Québec as at March 31, 1990, the consolidated statement of earnings, the consolidated statement of retained earnings and the consolidated statement of changes in liquidities for the year ended at that date. My examination was carried out according to generally accepted accounting standards and, accordingly, included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these consolidated financial statements present fairly the financial position of Loto-Québec as at March 31, 1990, the results of its operations and the changes in its financial position for the year ended at that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, May 22, 1990

MUSÉE D'ART CONTEMPORAIN DE MONTRÉAL
R.S.Q., c. M-44
GENERAL FUND

REVENUE AND EXPENDITURE AND FUND DEFICIT
for the year ended March 31, 1990

	1990	1989
EXPENDITURE (Note 3)		
Direction de la conservation	$1 762 066	$1 610 804
Direction des communications	593 768	566 215
Administration	1 875 388	1 963 837
	4 231 222	4 140 856
REVENUE		
Federal grants for specific projects	246 900	324 310
Donations	106 060	58 386
Other	114 063	110 096
	467 023	492 792
EXCESS OF EXPENDITURE OVER REVENUE	3 764 199	3 648 064
Subsidies from the Gouvernement du Québec	3 982 300	3 043 419
EXCESS OF REVENUE AND SUBSIDIES OVER EXPENDITURE	218 101	(604 645)
FUND DEFICIT AT THE BEGINNING	(300 917)	303 728
FUND DEFICIT AT THE END	($82 816)	($300 917)

MUSÉE D'ART CONTEMPORAIN DE MONTRÉAL

GENERAL FUND

BALANCE SHEET
as at March 31, 1990

	1990	1989
ASSETS		
CURRENT ASSETS		
Cash	$81 396	
Accounts receivable	108 912	$60 013
Subsidies receivable	26 700	17 750
Deposit towards acquisition of land (Note 6)	10 000	
Deposit towards acquisition of a work of art		107 127
Prepaid expenses	37 134	29 857
Owed by the fixed assets maintenance fund		288 781
	$264 142	$503 528
LIABILITIES		
CURRENT LIABILITIES		
Outstanding cheques less cash		$97 676
Bank loan		110 000
Accounts payable and accrued liabilities	$259 658	561 634
Deferred subsidies	87 300	33 635
Owed to the endowment fund for acquisitions of works of art		1 500
	346 958	804 445
FUND DEFICIT	(82 816)	(300 917)
	$264 142	$503 528

CONTINGENCY (Note 7)

On behalf of the Board of Directors,

Mariette Clermont, president
Paul Noiseux, treasurer

MUSÉE D'ART CONTEMPORAIN DE MONTRÉAL

ENDOWMENT FUND FOR ACQUISITIONS OF WORKS OF ART

REVENUE AND FUND BALANCE
for the year ended March 31, 1990

	1990	1989
REVENUE		
Donations	$52 124	$37 006
Interest	6 043	570
	58 167	37 576
FUND BALANCE AT THE BEGINNING	37 576	
FUND BALANCE AT THE END	$95 743	$37 576

BALANCE SHEET
as at March 31, 1990

	1990	1989
ASSETS		
CURRENT ASSETS		
Cash	$1 896	$4 237
Short-term investments -- at amortized cost	93 832	31 302
Accounts receivable	15	537
Owed by the general fund		1 500
	$95 743	$37 576
FUND BALANCE	$95 743	$37 576

On behalf of the Board of Directors,

Mariette Clermont, president
Paul Noiseux, treasurer

MUSÉE D'ART CONTEMPORAIN DE MONTRÉAL

FIXED ASSETS MAINTENANCE FUND

BALANCE SHEET
as at March 31, 1990

	1990	1989
ASSETS		
CURRENT ASSETS		
Subsidy receivable	$11 553	$2 274
Fixed assets (Note 5)	495 000	363 781
	$506 553	$366 055
LIABILITIES		
CURRENT LIABILITIES		
Outstanding cheques less cash		$57
Accrued interest	$11 553	2 274
	11 553	2 331
LONG-TERM LIABILITIES		
Bank loan	495 000	74 943
Owed to the general fund		288 781
	$506 553	$366 055

On behalf of the Board of Directors,

Mariette Clermont, President
Paul Noiseux, Treasurer

NOTES TO FINANCIAL STATEMENTS
March 31, 1990

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1. Constitution and purpose

The Musée d'Art contemporain de Montréal is a corporation as defined by the Civil Code and was constituted by the National Museums Act (R.S.Q., chapter M-44). Its objectives are to make known, promote and preserve contemporary Québec art and to ensure a place for international contemporary art through acquisitions, exhibitions and other cultural activities.

2. Accounting policies

The financial statements of the Musée were prepared by management on the accrual basis and in accordance with the accounting policies as disclosed hereunder. These statements include amounts based on best judgment and estimates.

The Musée is presenting its activities according to fund accounting. Their respective purposes and accounting policies are described hereunder.

General fund

The general fund presents the Musée's regular operations.

Equipment

Acquisitions of equipment are charged to operations.

Pension plans

The employer contribution to the Government and Public Employees Retirement Plan (RREGOP) and to the Civil Service Superannuation Plan (CSSP) is assumed by the Gouvernement du Québec and thus is not presented in the statement of revenue and expenditure and deficit of the general fund.

Endowment fund for acquisitions of works of art

The Musée has established an endowment fund for the acquisition of works of art from fund revenue. This revenue comprises donations, voluntary contributions by visitors and interest.

Works of art

Acquisitions of works of art from this fund and from the general fund are charged to expenditure.

Fixed assets maintenance fund

The Gouvernement du Québec authorizes the financing and assumes the service of the debt from expenses made in order to maintain the Musée's fixed assets. This fund was established to record these expenses up to the amount of authorized financing.

Fixed assets

Fixed assets are entered at cost and will be depreciated according to the same terms as those respecting reimbursement of the principal on the long-term loans contracted for them.

The cost includes the equipment, direct labour and indirect costs.

Long-term liabilities

The bank loan is considered a long-term liability, since it will be replaced by long-term financing in accordance with terms to be set by the Gouvernement du Québec.

The interest on this temporary loan and its repayment are assumed by the Gouvernement du Québec.

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3. General fund -- expenditure by category

	Direction de la conservation	Direction des communications	Administration	Total	
				1990	1989
Salaries and other remuneration	$775 409	$220 779	$707 530	$1 703 718	$1 478 708
Professional, administrative and other services	260 741	262 858	613 636	1 137 235	1 131 305
Transport and communication services	410 574	98 569	95 155	604 298	567 680
Materials and supplies	62 210	11 318	136 031	209 559	251 361
Rentals	8 799	244	163 390	172 433	180 646
Maintenance and repairs			84 098	84 098	62 134
Equipment	2 857		32 335	35 192	66 312
Acquisitions of works of art	241 476			241 476	393 354
Interest			43 213	43 213	9 356
	$1 762 066	$593 768	$1 875 388	$4 231 222	$4 140 856

4. Works of art

The Musée received donations of works of art during the year, totalling $354 780 (1989: $1 539 113). Their value is appraised by experts, when required, and sanctioned by the Canadian Cultural Property Export Board of the Government of Canada.

The value of the works of art added to the Musée's permanent collection during the year is as follows:

	1990	1989
Acquired by donation	$354 780	$1 539 113
Acquired with the Musée's funds	241 476	393 354
	$596 256	$1 932 467

The Musée's permanent collection, including donated works of art, is not part of the balance sheet.

5. Fixed assets maintenance fund

	1990	1989
Fixed assets:		
Repairs to building	$224 485	$150 830
Repairs to parking lot	145 021	78 188
Reorganization of storage facilities for works of art	30 603	10 889
Data processing equipment	123 874	123 874
	523 983	363 781
Repairs charged to Maintenance and repairs of the general fund	28 983	
	$495 000	$363 781

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990

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6. Building acquisition in progress

On November 7, 1985, the Musée was authorized by the Gouvernement du Québec to acquire for $1 the building in which it exercises its operations.

On September 20, 1989, the Musée made a $10 000 deposit towards the acquisition of the piece of land adjacent to this building; the purchase price is $404 195.

On the date the financial statements were prepared, the contracts for the acquisition of this building and the land were not yet in effect. Acquisition will be recorded as at the date of signing of the notarial contract.

7. General fund -- contingency

The Musée is contesting the legality of paying water and services taxes to the city of Montréal. On the date the financial statements were prepared, this dispute was for $87 150. Any eventual gain will be added to the results of the then current year.

8. Comparative figures

Certain figures for 1989 have been reclassified for consistency with the presentation adopted in 1990.

AUDITOR'S REPORT

I have examined the balance sheets of general fund, the endowment fund for acquisitions of works of art and the fixed assets maintenance fund of the Musée d'Art contemporain de Montréal as at March 31, 1990 as well as the statement of revenue and expenditure and fund deficit of the general fund and the statement of revenue and fund balance of the endowment fund for acquisitions of works of art for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the funds of the Musée as at March 31, 1990 and the results of operations of these funds for the year then ended in accordance with the accounting policies disclosed in Note 2 applied on a basis consistent with that of the preceding year.

The Auditor General of Québec,
Rhéal Chatelain, F.C.A.

Québec, June 8, 1990

MUSÉE DE LA CIVILISATION
R.S.Q., c. M-44

REVENUE AND EXPENDITURE AND DEFICIT
for the year ended March 31, 1990

	1990	1989
EXPENDITURE		
Salaries and wages	$6 790 034	$5 217 739
Transport and communication services	1 749 197	1 196 855
Professional, administrative and other services	6 026 559	7 440 560
Maintenance and repairs	531 476	490 237
Municipal and school taxes	1 629 323	1 044 026
Rent	417 694	302 223
Materials and supplies	1 866 410	1 657 251
Machinery and equipment	711 606	1 400 904
Collection pieces	105 097	296 333
Financial expenses (Note 3)	4 810 884	32 749
Other	160 776	91 960
	24 799 056	19 170 837
REVENUE		
Interest on bank deposits and short-term investments	328 888	209 358
Sponsors	202 190	158 000
Entrance fees	634 153	185 860
Gift shop (Note 4)	155 097	53 291
Check-room	31 412	42 617
Federal grants for specific projects	104 100	
Other	81 058	5 328
	1 536 898	654 454
EXPENDITURE IN EXCESS OF REVENUE	23 262 158	18 516 383
SUBSIDY FROM THE GOUVERNEMENT DU QUÉBEC		
Operating subsidy	18 429 200	16 400 000
Subsidy for payment of interest on the long-term debt	4 194 019	
	22 623 219	16 400 000
EXPENDITURE IN EXCESS OF REVENUE AND SUBSIDY	638 939	2 116 383
(DEFICIT) SURPLUS AT THE BEGINNING	(1 479 552)	636 831
DEFICIT AT THE END	($2 118 491)	($1 479 552)

MUSÉE DE LA CIVILISATION

BALANCE SHEET
as at March 31, 1990

	1990	1989
ASSETS		
CURRENT ASSETS		
Cash	$389 950	
Short-term investments -- at cost	991 830	$1 400 000
Accounts receivable	8 476	7 826
Subsidies receivable	127 577	40 000
Accrued interest	31 282	37 475
Inventory -- gift shop	214 250	152 551
Prepaid expenses	834 079	798 545
	2 597 444	2 436 397
FIXED ASSETS (Note 5)	50 038 812	48 434 044
	$52 636 256	$50 870 441
LIABILITIES		
CURRENT LIABILITIES		
Outstanding cheques less cash		997 648
Accounts payable and accrued expenses	$2 369 120	3 897 090
Deferred subsidies		40 000
Instalment on the long-term debt (Note 6)	2 709 151	2 452 052
	5 078 271	6 486 790
LONG-TERM DEBT (Note 6)	46 736 424	45 375 203
	51 814 695	51 861 993
EQUITY		
Deficit	(2 118 491)	(1 479 552)
Contribution from the Gouvernement du Québec (Note 7)	2 940 052	488 000
	821 561	(991 552)
	$52 636 256	$50 870 441

COMMITMENTS (Note 8)

On behalf of the Board of Directors,

Roger Décary
Jacques Godin

NOTES TO FINANCIAL STATEMENTS
March 31, 1990

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1. Constitution and purpose

A corporation within the meaning of the Civil Code, the Musée de la civilisation was incorporated under the National Museums Act (R.S.Q., c. M-44). Its functions are to make known the history and the various cultural elements of our civilization, particularly the social and material aspects of the cultures of the occupants of the territory of Québec and the cultures that have contributed to the enrichment of those cultures; to ensure the preservation and development of the ethnographic collection and other representative collections of our civilization and to ensure the participation of Québec in the international network of museological events through acquisitions, exhibitions and other cultural activities.

2. Accounting policies

The financial statements of the Musée were prepared by management on the accrual basis in accordance with the accounting policies as disclosed hereunder. These statements include amounts based on best estimates and judgment.

Gift shop inventory

The inventory of the Musée gift shop is valued at the lower of cost and net realizable value. The cost is determined by the first in, first out method.

Fixed assets

-- Buildings

Buildings are recorded at the cost of acquisition or at the stated value if they are acquired free of charge; they are not depreciated.

Costs related to initial layout and major expansion and restoration work including materials, direct labour, indirect costs and interim financing charges during the work are capitalized to buildings.

-- Machinery and equipment

The acquisition of machinery and equipment, not including those related to initial development, are charged to operations.

Collection pieces

Acquisitions of works of art are charged to operations.

Interest on the long-term debt

Interest on the long-term debt is accounted for on the cash basis.

Subsidies

Subsidies from the Gouvernement du Québec for principal and interest payments on the long-term debt are entered when received whereas other subsidies are entered on the accrual basis.

Pension plans

Employer contributions to the Government and Public Employees Retirement Plan (RREGOP) and the Civil Service Superannuation Plan (CSSP) are assumed by the Gouvernement du Québec and are not shown on the statement of revenue and expenditure and deficit.

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3. Financial expenses

	1990	1989
Interest on the long-term debt:		
Interest on notes payable	$4 194 019	
Interest on bank loans for the initial layout of the Musée	1 008 655	$1 185 380
Less:		
Interest capitalized to buildings (1990: until December 31, 1989, date of completion)	659 573	1 185 380
	349 082	
Interest on other bank loans	267 783	32 749
	$4 810 884	$32 749

4. Revenue -- gift shop

	1990	1989
Sales	$409 376	$125 976
Cost of sales	254 279	72 685
Gross profit	$155 097	$53 291

5. Fixed assets

	1990	1989
Maison Chevalier located in Québec City, classified cultural property		
Land and building -- at stated value	$488 000	$488 000
Major renovations -- at cost	313 927	329 772
	801 927	817 772
Musée de la civilisation		
Land and building -- at cost	41 940 108	41 355 667
Initial layout -- at cost	7 296 777	6 260 605
	49 236 885	47 616 272
	$50 038 812	$48 434 044

6. Long-term debt

	1990	1989
Note, 6% (effective rate of 10,49%), guaranteed by the Gouvernement du Québec, for an original amount of 4 060 000 000 YENS, repayable in annual instalments of $6 646 071, maturing June 30, 1998. Principal and interest are covered by currency swap contracts at predetermined fixed rates	$37 547 948	$40 000 000
Bank loans *	11 897 627	7 827 255
	49 445 575	47 827 255
Instalment falling due within one year	2 709 151	2 452 052
	$46 736 424	$45 375 203

* Bank loans are considered as a long-term debt because it is foreseen that they will be replaced by long-term borrowings.

Principal payments on the long-term debt for the next five years are as follows:

1991	$2 709 151
1992	2 993 207
1993	3 307 046
1994	3 653 792
1995	4 036 894

7. Contribution from the Gouvernement du Québec

	1990	1989
Transfer in October 1986 of the Maison Chevalier at the stated value corresponding to the municipal assessment at transfer date	$488 000	$488 000
Subsidy for repayment of the principal on the long-term debt	2 452 052	
	$2 940 052	$488 000

8. Commitment

At March 31, 1990, the Musée was committed for a total amount of $2 328 534, as follows:

Exhibitions	$1 328 203
Guarding	645 881
Promotions	221 000
Other	133 450
	$2 328 534

9. Comparative figures

Certain figures from the 1989 statement of revenue and expenditure and deficit have been reclassified for consistency with the presentation adopted in 1990.

MUSÉE DE LA CIVILISATION

AUDITOR'S REPORT

I have examined the balance sheet of Musée de la civilisation as at March 31, 1990 as well as the statement of revenue and expenditure and deficit for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Musée as at March 31, 1990 and the results of its operations for the year then ended in accordance with the accounting policies disclosed in Note 2 applied on a basis consistent with that of the preceding year.

The Auditor General of Québec,
Rhéal Chatelain, F.C.A.

Québec, June 11, 1990

MUSÉE DU QUÉBEC
R.S.Q., c. M-44

REVENUE AND EXPENDITURE AND SURPLUS
for the year ended March 31, 1990

	1990	1989
EXPENDITURE (Note 3)		
Salaries and wages	$3 716 361	$3 294 441
Services	1 112 877	1 148 730
Transportation and communications	564 756	618 498
Materials and supplies	426 452	469 989
Purchase of machinery and equipment	286 651	75 765
Purchase and rental of works of art	490 809	511 194
Rental of machinery, equipment and space	213 833	183 659
Other administrative expenses	267 791	434 394
Interest on the long-term debt and amortization of discounts and bond issuance expenses	351 001	369 290
Temporary arrangement of premises	230 044	326 525
	7 660 575	7 432 485
REVENUE		
Federal grants for specific projects	267 626	177 030
Interest and other	289 462	234 900
Bookstore	56 709	329 550
Admission fees		301 746
	613 797	1 043 226
EXPENDITURE IN EXCESS OF REVENUE	7 046 778	6 389 259
Subsidies from the Gouvernement du Québec (Note 4)	6 933 956	6 297 702
EXPENDITURE IN EXCESS OF REVENUE AND SUBSIDIES	112 822	91 557
OPENING SURPLUS	180 176	271 733
CLOSING SURPLUS	$67 354	$180 176

MUSÉE DU QUÉBEC

BALANCE SHEET
as at March 31, 1990

	1990	1989
ASSETS		
CURRENT ASSETS		
Cash		$197
Term deposit -- at cost	$1 200 000	680 000
Accounts receivable and accrued interest	84 395	82 285
Subsidies receivable	71 300	8 280
Prepaid expenses	234 992	111 231
Discounts and bond issuance expenses -- amortized cost	11 431	17 841
	1 602 118	899 834
FIXED ASSETS -- AT COST (Note 5)	24 710 026	7 499 766
	$26 312 144	$8 399 600
LIABILITIES		
CURRENT LIABILITIES		
Outstanding cheques less cash	$247 864	
Accounts payable and accrued expenses	1 182 616	$614 830
Deferred federal grants	122 690	88 448
Payment on the long-term debt (Note 7)	200 000	200 000
	1 753 170	903 278
LONG-TERM DEBT (Note 7)	23 891 620	6 916 146
	25 644 790	7 819 424
EQUITY		
Contribution from the Gouvernement du Québec (Note 8)	600 000	400 000
Surplus	67 354	180 176
	667 354	580 176
	$26 312 144	$8 399 600

COMMITMENT (Note 9)

On behalf of the Board of Directors,

Laurent Hamel
André Barnard

NOTES TO FINANCIAL STATEMENTS
March 31, 1990

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1. Constitution and purpose

A corporation within the meaning of the Civil Code, the Musée du Québec was incorporated under the National Museums Act (R.S.Q., c. M-44). Its purpose, as a contribution to Québec's cultural development, is to make known, further and preserve Québec art from every period, from early art to contemporary art, and to ensure the presence of international art through acquisitions, exhibitions and other activities.

2. Accounting policies

The financial statements of the Musée du Québec were prepared by management in accordance with the accounting policies as disclosed below. These statements include amounts based on best estimates and judgment.

Fixed assets

Buildings and enlargement work

Buildings and enlargement work are recorded at cost and are not depreciated. Their cost includes materials, direct labour, indirect expenses and interim financing costs during work.

Machinery and equipement

The cost of machinery and equipment acquired within a project authorized by the Gouvernement du Québec is charged to "Fixed assets projects in progress" until long-term financing terms have been set. On the date of such financing, these costs are then allocated to the appropriate accounts.

Machinery and equipment acquired within a project are recorded at cost and are not depreciated.

Other acquisitions of machinery and equipment are charged to operations.

Works of art

Acquisitions of works of art are charged to operations. The Musée's permanent collection and collection of loans including donated works of art are not shown in the balance sheet.

Interest on the long-term debt

Interest on the long-term debt is recorded when payment is made.

Discounts and bond issuance expenses

Discounts and bond issuance expenses are amortized over the term of the debt.

Pension plans

Employer contributions to the Government and Public Employees Retirement Plan (RREGOP) and the Civil Service Superannuation Plan (CSSP) are assumed by the Gouvernement du Québec and are not shown in the statement of revenue, expenditure and surplus.

MUSÉE DU QUÉBEC

NOTES TO THE FINANCIAL STATEMENTS
March 31, 1990

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3. Expenditure by division

	Top management	General secretariat	Preservation	Communications	Education	Administration	Total 1990	Total 1989
Salaries and wages	$179 269	$743 565	$1 695 332	$385 987	$232 327	$566 071	$3 796 361	$3 294 441
Services:								
Professional and technical services	10 735	223 436	199 331	331 471	7 477	281 511	1 062 019	1 131 942
Arts related services		40	42 388	5 430	3 000		50 858	16 788
Transportation and communications	35 687	9 535	204 929	161 611	23 025	129 961	564 756	618 498
Materials and supplies	5 343	11 582	148 453	65 665	760	194 629	426 452	449 989
Purchase of machinery and equipment	25 069	23 375	33 190	3 961		200 267	286 451	75 705
Works of art:								
Permanent collection			229 136				229 136	102 616
Collection of loans			108 392				108 392	219 128
Rental			73 281				73 281	109 430
Rental of machinery, equipment and space			18 019	1 594		194 220	213 833	183 609
Other administrative expenses	200	10 125	1 486			255 980	267 791	434 394
Interest on the long-term debt and amortization of bond discounts and issuance expenses						351 001	351 001	349 290
Temporary arrangement of premises						230 044	230 044	326 525
Total 1990	$256 103	$1 023 654	$2 753 936	$955 719	$266 589	$2 424 584	$7 660 575	
Total 1989	$185 035	$1 078 725	$2 433 190	$1 029 749	$258 523	$2 480 263		$7 432 485

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990

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4. Gouvernement du Québec subsidies

	1990	1989
Current operations		
Operating expenses	$6 535 300	$5 927 500
Special projects	178	9 702
Cost of new salary agreements	40 700	
	6 576 178	5 937 202
Interest on bonds -- long-term debt	357 778	360 500
	$6 933 956	$6 297 702

5. Fixed assets -- at cost

	1990	1989
Buildings	$3 811 260	$3 811 260
Building enlargement in progress (a)	20 736 497	3 618 021
Fixed asset projects in progress (a) (b) - Machinery and equipment	162 269	70 485
	$24 710 026	$7 499 766

(a) The total cost for those two projects is estimated at $26,8 million and will be financed by long-term loans covered by subsidies from the Gouvernement du Québec.

(b) Projects amounting to $835 000 authorized by the Gouvernement du Québec, whose completion is expected during 1991-1992.

6. Works of art

The cumulative cost of works of art acquired is charged to operations and breaks down as follows:

	Permanent collection	Collection of loans	Total
Balance at March 31, 1989	$1 424 166	$1 038 236	$2 462 402
Acquisitions	229 136	188 392	417 528
Balance at March 31, 1990	$1 653 302	$1 226 628	$2 879 930

Donated works of art are not included in those collections.

7. Long-term debt

	1990	1989
Bonds, 9,25% and 10% (effective yield of 9,55% to 10,19%), guaranteed by the Gouvernement du Québec, maturing until December 1991	$3 250 000	$3 450 000
Bank loans at the prime rate*	19 214 572	2 210 000
Accounts payable*	1 627 048	1 456 146
	24 091 620	7 116 146
Payment due within one year	200 000	200 000
	$23 891 620	$6 916 146

* Loans contracted for building enlargement work are considered as long-term since they will be repaid through long-term financing.

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990

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8. Contribution from the Gouvernement du Québec

This contribution from the Gouvernement du Québec represents its contribution to the repayment of principal on the long-term debt.

9. Commitment

The Société immobilière du Québec is committed toward contractors and professionals on behalf of the Musée du Québec, in regard to the building enlargement in progress, for amounts totalling $3,6 million approximately at March 31, 1990.

10. Comparative figures

Certain figures for 1989 in the statement of revenue and expenditure and surplus have been reclassified for consistency with the presentation adopted in 1990.

AUDITOR'S REPORT

I have examined the balance sheet of the Musée du Québec as at March 31, 1990 as well as the statement of revenue and expenditure and surplus for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Musée as at March 31, 1990 and the results of its operations for the year then ended in accordance with the accounting policies disclosed in note 2 applied on a basis consistent with that of the preceding year.

The Auditor General of Québec,
Rhéal Chatelain, F.C.A.

Québec, June 7, 1990

OFFICE DE LA SÉCURITÉ DU REVENU DES CHASSEURS ET PIÉGEURS CRIS
R.S.Q., c. S-3.2

OPERATIONS AND SURPLUS
for the year ended June 30, 1990

	1990	1989
EXPENDITURE		
Income security benefits	$12 713 826	$12 156 042
Administrative expenditure		
Salaries and fringe benefits	523 410	549 871
Travel	42 017	49 092
Rent	54 302	49 185
Fees		3 598
Supplies and equipment	23 055	19 886
Telephone and communications	4 250	3 343
Miscellaneous	956	5 625
	647 990	680 600
Deduct:		
Interest on bank deposits	14 863	8 853
	633 127	671 747
	13 346 953	12 827 789
CONTRIBUTION FROM GOUVERNEMENT DU QUÉBEC	13 338 826	12 868 964
EXCESS OF EXPENDITURE OVER CONTRIBUTION FROM GOUVERNEMENT DU QUÉBEC	8 127	(41 175)
SURPLUS, BEGINNING OF YEAR	79 827	38 652
SURPLUS, END OF YEAR	$71 700	$79 827

OFFICE DE LA SÉCURITÉ DU REVENU DES CHASSEURS ET PIÉGEURS CRIS

BALANCE SHEET
as at June 30, 1990

	1990	1989
ASSETS		
Cash	$31 853	$35 876
Term deposits -- at cost	90 000	80 000
Accounts receivable	9 358	3 188
	$131 211	$119 064
LIABILITIES		
Accounts payable	$59 511	$39 237
SURPLUS	71 700	79 827
	$131 211	$119 064

On behalf of l'Office de la sécurité du revenu
des chasseurs et piégeurs cris,

Johnny Jolly, Vice Chairman
Patrick Dooley, Administrator

OFFICE DE LA SÉCURITÉ DU REVENU DES CHASSEURS ET PIÉGEURS CRIS

NOTES TO FINANCIAL STATEMENTS
June 30, 1990

1. Constitution, function and financing

The Office de la sécurité du revenu des chasseurs et piégeurs cris, constituted by virtue of the Act respecting income security for Cree hunters and trappers who are beneficiaries under the Agreement concerning James Bay and Northern Québec (R.S.Q., chapter S-3.2 and amendments), is responsible for the administration of the income security program established by this Act for the purpose of providing the trappers and hunters a guaranteed income; this program also includes other measures aimed at encouraging beneficiaries to carry out harvesting activities as a way of life.

Benefits are paid to beneficiary units which are eligible depending, among other conditions, on the time spent in hunting, fishing and trapping and in carrying out related activities.

The sums required for the carrying out of the aforementioned Act are paid out of the monies voted each year for such purpose by Parliament.

2. Accounting policies

Benefits and administrative expenditure

Benefits paid are recorded in the books of account in accordance with the cash basis of accounting; administrative expenditure are recorded in accordance with the accrual basis of accounting.

Purchases of capital assets are charged to administrative expenditure.

Administrative expenditure assumed by the Gouvernement du Québec

The employer contribution to the Régime de retraite des employés du gouvernement et des organismes publics (RREGOP) and the cost of certain supporting services such as data processing and telephone assumed by Gouvernement du Québec are not included in the statement of operations and surplus.

3. Pension Plan

Due to an amendment to RREGOP act, in force on June 22, 1990 (1990, chapitre 32), the employees of the Board are governed by this plan since January 1, 1988.

AUDITOR'S REPORT

I have examined the balance sheet of the Office de la sécurité du revenu des chasseurs et piégeurs cris as at June 30, 1990 and the statement of operations and surplus for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly includes such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Board as at June 30, 1990 and the results of its operations for the year then ended in accordance with the accounting policies mentioned in note 2 applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.
Auditor General of Québec

Québec, September 12, 1990

OFFICE DES AUTOROUTES DU QUÉBEC
R.S.Q., c. A-34

COST AND FINANCING OF DEBT SERVICE
for the year ended March 31, 1990

	1990	1989
COST OF DEBT SERVICE		
Repayment on bonded debt	$26 250 000	$1 250 000
Interest on bonds	441 972	1 527 877
Management fees	1 484	2 841
	$26 693 456	$2 780 718
FINANCING OF DEBT SERVICE		
Repayment on bonded debt from the sinking fund (Note 4)	$26 250 000	$1 250 000
Assumed by the Gouvernement du Québec:		
Interest on bonds	441 972	1 527 877
Management fees	1 484	2 841
	$26 693 456	$2 780 718

OFFICE DES AUTOROUTES DU QUÉBEC

BALANCE SHEET
as at March 31, 1990

	1990	1989
ASSETS		
Excess of the sinking fund over the bonded debt		$2 493 925
LIABILITIES		
Accrued interest		$312 716
Owed to the Gouvernement du Québec (Note 3)		2 181 209
		$2 493 925

TERMINATION OF THE FUND'S OPERATIONS (Note 1)

On behalf of the Office,

Jean-Marc Bard
Gilles Sanche

OFFICE DES AUTOROUTES DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS
March 31, 1990

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1. Constitution and purpose

Founded under the Autoroutes Act (R.S.Q., c. A-34), the Office des autoroutes du Québec has as its main purpose the repayment of its bonded debt.

Termination of operations

During the year ended March 31, 1990, the Office completed the repayment of its bonded debt thereby meeting its objective, thus terminating its operations.

At the date of preparation of these financial statements, the Act constituting the Office had not been repealed.

2. Accounting policies

The Office's financial statements were prepared by management on the accrual basis.

3. Owed to the Gouvernement du Québec

Balance as at March 31, 1989	
Excess of the sinking fund over the bonded debt at March 31, 1989	$2 493 925
Accrued interest at March 31, 1989 on the bonded debt to be assumed by the Gouvernement du Québec	(312 716)
	2 181 209
Operations for the year	
Interest accrued at March 31, 1989 assumed by the Gouvernement du Québec	312 716
Net income of the sinking fund for the year transferred to the Gouvernement du Québec	903 980
	3 397 905
Remittance by the sinking fund to the Office	(3 397 905)
Balance as at March 31, 1990	

4. Sinking fund

The assets of the sinking funds of the Office des autoroutes du Québec and of the Gouvernement du Québec are managed in a joint fund by the Minister of Finance. At year-end, the net revenue generated by the assets of this joint fund is allocated to each fund in proportion to their respective assets.

	1990	1989
Changes in sinking fund balance during the year		
Opening fund balance	$28 743 925	$26 221 091
Net income for the year:		
Interest on cash and bonds	726 272	2 514 653
Subsidy from the Gouvernement du Québec		1 250 000
Discounts and premiums on the purchase and sale of bonds	178 913	28 773
	905 185	3 793 426
Unrealized exchange loss at March 31	(1 205)	(20 592)
	903 980*	3 772 834*
Repayment of the bonded debt	(26 250 000)	(1 250 000)
Remittance to the Gouvernement du Québec of the sinking fund balance	(3 397 905)	
Closing fund balance		$28 743 925

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990

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4. Sinking fund (cont'd)

	1990	1989
* The net income for the year is allocated as follows:		
- to the account of the Gouvernement du Québec (Note 3)	$903 980	$2 493 925
- to decrease the note from the Gouvernement du Québec		1 278 909
	$903 980	$3 772 834

AUDITOR'S REPORT

I have examined the balance sheet of the Office des autoroutes du Québec as at March 31, 1990 as well as the statement of cost and financing of debt service for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Office as at March 31, 1990 and the cost and financing of debt service for the year then ended in accordance with the accounting policies disclosed in Note 2 applied on a basis consistent with that of the preceding year.

The Auditor General of Québec,
Rhéal Chatelain, F.C.A.

Québec, August 22, 1990

OFFICE DU CRÉDIT AGRICOLE DU QUÉBEC
FARM FINANCING
R.S.Q., c. F-1.2

REVENUE AND EXPENDITURE
for the year ended March 31, 1990

	1990	1989
EXPENDITURE		
Subsidies (Note 3)	$108 544 390	$83 789 166
Administrative expenses (Note 4)	18 601 065	17 111 000
Interest on borrowings	13 071 425	11 627 109
Net loss on sale of assets acquired through default by borrowers (Note 5)	51 258	118 613
Losses on loan guarantees extended by financial institutions	55 264	24 053
	140 323 402	112 669 941
REVENUE		
Interest on loans	5 726 451	6 291 696
Recovery of expenses	412 687	336 988
Interest on bank deposits	152 055	134 371
	6 291 193	6 763 055
EXCESS OF EXPENDITURE OVER REVENUE ASSUMED BY THE GOUVERNEMENT DU QUÉBEC	$134 032 209	$105 906 886

OFFICE DU CRÉDIT AGRICOLE DU QUÉBEC
FARM FINANCING

BALANCE SHEET
as at March 31, 1990

	1990	1989
ASSETS		
Cash	$1 896 415	$669 927
Accounts receivable	452 101	630 224
Prepaid interest		126 866
Owed by the Fonds d'assurance-prêts agricoles et forestiers	257 675	781 391
Interest, accrued and due	1 966 992	2 376 137
Loans (Notes 6 and 7)	98 416 138	107 179 225
Assets acquired through default by borrowers	494 075	742 499
	$103 483 396	$112 506 269
LIABILITIES		
Accrued interest	$92 757	
Deposits by borrowers	310 880	$172 398
Deferred revenue	57 000	68 645
Owed to the lending institutions	348 611	660 363
Long-term loans (Note 7)	98 900 000	107 600 000
Owed to the Gouvernement du Québec (Note 8)	3 774 148	4 004 863
	$103 483 396	$112 506 269

CONTINGENT LIABILITIES (Note 9)

On behalf of the Office,

Michel R. St-Pierre
Gaston Grammond

OFFICE DU CRÉDIT AGRICOLE DU QUÉBEC
FARM FINANCING

NOTES TO FINANCIAL STATEMENTS
March 31, 1990

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1. Constitution and purpose

The Office du crédit agricole du Québec, founded under the Farm Credit Act (R.S.Q., c. F-1.2), is responsible for administering various acts concerning farm and forestry financing programs.

The farm financing program aims at promoting the profitability of farming operations by making adequate financing available.

The financial statements of the Office presented here relate exclusively to transactions involving farm financing as administrator of the Farm Financing Act, the Farm Credit Act, the Act to promote long-term farm credit by private institutions, the Act to promote the establishment of young farmers, the Act to promote farm improvement, the Act to promote credit to farm producers, the Act to promote special credit to agricultural producers during critical periods, the Farm Loans Act, the Act to promote the development of farming operations, as well as the agricultural land redevelopment program and the arable land bank program.

2. Accounting policies

These financial statements were prepared by management in accordance with the accounting policies as disclosed below. They include amounts based on best estimates and judgment.

Subsidies

Subsidy payments are charged to expenditure for the year during which they become due. They correspond to amounts duly authorized and approved as such by the Government.

Administrative expenses

The cost of fringe benefits and of support services, paid out of the appropriations of various Government departments and agencies, is not shown in the statement of revenue and expenditure.

Machinery and equipment

The cost of machinery and equipment is charged to operations.

Losses through guarantee of loans extended by financial institutions

Losses through guarantee of loans extended by financial institutions prior to August 1, 1978 are recorded under expenditure upon payment in fulfilment of the guarantees.

Other transactions

Other transactions related to farm financing are recorded on the accrual basis.

Assets acquired through default by borrowers

Property acquired through default by borrowers is recorded at the sum of outstanding principal plus interest and incidental expenses incurred by the Office and by lenders. Gains or losses on the disposal of these assets are entered when incurred.

For loans extended before August 1, 1978, losses on the sale of these assets are included in the statement of revenue and expenditure. For loans extended on or after August 1, 1978, losses are borne by the Farm and Forest Loan Insurance Fund.

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3. Subsidies

	1990	1989
Act to promote long term farm credit by private institutions (R.S.Q., c. C-75.1)	$62 292 062	$41 555 550
Act respecting farm financing (R.S.Q., c. F-1.2)	20 802 793	943 515
Act to promote the development of agricultural operations (R.S.Q., c. M-36)	14 475 043	29 144 733
Act to promote the establisment of young farmers (R.S.Q., c. E-12.1)	4 639 573	5 397 031
Act to promote farm improvement (R.S.Q., c. A-18)	4 289 218	4 456 219
Farm Loan Act (R.S.Q., c. P-20)	2 043 084	2 288 713
Agricultural land redevelopment program (orders-in-council 3813-76 and 3814-76)	2 426	3 075
Act to promote special credit to agricultural producers during critical periods (R.S.Q., c. C-79)	189	330
	$108 544 390	$83 789 166

4. Administrative expenses

	1990	1989
Salaries, wages, allowances and other remuneration	$14 122 319	$12 862 279
Transport and communication services	1 076 555	945 722
Professional, administrative and other services	1 018 059	1 035 998
Maintenance and repairs	38 102	32 128
Rent	1 408 137	1 279 304
Supplies	332 302	316 873
Machinery and equipment	605 591	638 696
	$18 601 065	$17 111 000

5. Net loss on the sale of assets acquired through default by borrowers

	1990	1989
Total loss	$569 382	$819 229
Loss assumed by the Fonds d'assurance-prêts agricoles et forestiers	518 124	700 616
	$51 258	$118 613

6. Loans

This item includes principal payments due as at March 31, 1990 in the amount of $536 652 ($579 113 at March 31, 1989).

7. Long-term borrowings

As at March 31, the principal outstanding on Office borrowings from financial institutions was distributed as follows:

	1990	1989
Total borrowings	$116 800 000	$127 300 000
Portion pertaining to forestry financing	17 900 000	19 700 000
	$98 900 000	$107 600 000

These borrowings, in the form of direct advances, bear interest at the prime rate and may be converted into promissory notes or banker's acceptances, at the discretion of the Office. They are repayable in quarterly instalments of $1 600 000, with the balance due in 1996.

The Office has agreed not to pledge, mortgage or otherwise dispose of all or part of the farm and forestry loans extended up to the outstanding balances on those borrowings.

8. Owed to the Gouvernement du Québec

	1990	1989
Advance for interest on borrowings	$2 937 851	$3 173 144
Advance for working capital	500 000	500 000
Recovered expenditure to be repaid	386 998	497 177
Balance receivable pertaining to losses on the sale of assets acquired following default by borrowers	(50 701)	(165 458)
	$3 774 148	$4 004 863

9. Contingent liabilities

The Office has been summoned as defendant in legal proceedings totalling $7 834 000. The Office is contesting these proceedings and it is impossible, at this time, to predict the outcome. Accordingly, no allowance has been recorded in the financial statements. Any payment resulting from these proceedings would be included in the results of that fiscal year.

AUDITOR'S REPORT

I have examined the balance sheet of the Office du crédit agricole du Québec-farm financing as at March 31, 1990 as well as the statement of revenue and expenditure for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Office du crédit agricole du Québec-farm financing as at March 31, 1990 and the results of its operations for the year then ended in accordance with the accounting policies disclosed in Note 2 applied on a basis consistent with that of the preceding year.

On behalf of the Auditor General of Québec,
Guy Breton, F.C.A.
Assistant Auditor General

Québec, June 5, 1990

OFFICE DU CRÉDIT AGRICOLE DU QUÉBEC
FORESTRY FINANCING
R.S.Q., c. F-1.2

REVENUE AND EXPENDITURE
for the year ended March 31, 1990

	1990	1989
EXPENDITURE		
Subsidies (Note 3)	3 176 414	2 439 415
Interest on borrowings	2 388 407	2 170 792
Administration (Note 4)	1 389 790	1 279 560
Net loss on the sale of assets acquired through default by borrowers (Note 5)	117	11 286
Losses from guaranteeing loans extended by financial institutions		5 282
	6 954 728	5 906 335
REVENUE		
Interest on loans	1 133 842	1 158 686
Interest on bank deposits	22 175	20 644
Recovery of expenditures	1 522	1 637
	1 157 539	1 180 967
EXPENDITURE IN EXCESS OF REVENUE, ASSUMED BY THE GOUVERNEMENT DU QUÉBEC	5 797 189	4 725 368

OFFICE DU CRÉDIT AGRICOLE DU QUÉBEC
FORESTRY FINANCING

BALANCE SHEET
as at March 31, 1990

	1990	1989
ASSETS		
Cash	$249 094	$48 963
Accounts receivable	4 243	4 507
Prepaid interest		23 227
To be received from the Fonds d'assurance-prêts agricoles et forestiers		2 956
Interest, accrued and due	347 586	333 033
Loans (Notes 6 and 7)	17 809 499	19 676 356
Assets acquired through default by borrowers	13 898	29 720
	$18 424 320	$20 118 762
LIABILITIES		
Accrued interest	916 788	
Borrower deposits		$1 660
Long-term borrowings (Note 7)	17 000 000	19 700 000
Owed to the Gouvernement du Québec (Note 8)	507 532	417 102
	$18 424 320	$20 118 762

On behalf of the Office,

Michel R. St-Pierre
Gaston Grammond

NOTES TO FINANCIAL STATEMENTS
March 31, 1990

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1. Constitution and purpose

Governed by the Farm Financing Act (R.S.Q., c. F-1.2), the Office du crédit agricole du Québec is charged with administering various acts concerning farm and forestry financing programs.

The forestry financing program aims at making credit available to promote easier investment toward the development and consolidation of private forest areas.

The financial statements of the Office presented here are solely concerned with operations as administrator of the Forestry Credit Act and the Act to promote forest credit by private institutions.

2. Accounting policies

These financial statements were prepared by management in accordance with the accounting policies as disclosed below. They include amounts based on best estimates and judgment.

Subsidies

Subsidies are entered as expenditure for the year when they become due. They correspond to amounts duly authorized and approved as such by the Government.

Administrative expenses

The cost of fringe benefits and support services is paid out of the appropriations of various departments and agencies and is not shown in the statement of revenue and expenditure.

Machinery and equipment

Acquisition of machinery and equipment is charged to operations.

Losses from guarantees on loans extended by financial institutions

Losses from fulfilling guarantees on loans extended by financial institutions before August 1, 1978 are entered as expenditure upon payment.

Other transactions

The other transactions related to forestry financing are recorded on the accrual basis.

Assets acquired through default on loans

Property acquired as a result of borrowers defaulting is recorded at the sum of outstanding principal plus interest and incidental expenses incurred by the Office and by lenders. Gains or losses on the disposal of these assets are entered when realized.

Losses on the sale of such assets resulting from loans extended before August 1, 1978 are shown in the statement of revenue and expenditure. Losses on loans extended on or after August 1, 1978 are assumed by the Fonds d'assurance-prêts agricoles et forestiers.

3. Subsidies

This item represents interest refunds equivalent to 5% of the sums due by borrowers to lending institutions, up to the maximum provided for in the regulations.

	1990	1989
Act to promote forest credit by private institutions (R.S.Q., c. C-78.1)	$3 043 523	$2 238 572
Forestry Credit Act (R.S.Q., c. C-78)	132 891	200 843
	$3 176 414	$2 439 415

4. Administrative expenses

	1990	1989
Salaries, wages, allowances and other remuneration	$1 213 809	$1 124 957
Transport and communication services	74 749	76 914
Professional, administrative and other services	21 244	12 745
Maintenance and repairs	1 108	3 798
Rent	21 174	19 003
Supplies	33 540	22 405
Machinery and equipment	24 166	19 738
	$1 389 790	$1 279 560

5. Net loss on the sale of assets acquired following default by borrowers

	1990	1989
Total loss	$17 480	$75 779
Loss assumed by the Fonds d'assurance-prêts agricoles et forestiers	17 363	64 493
	$117	$11 286

6. Loans

This item includes $129 598 in arrears on principal at March 31, 1990 ($102 106 at March 31, 1989).

7. Long-term borrowings

At March 31, the principal outstanding on Office borrowings from financial institutions was distributed as follows:

	1990	1989
Total borrowings	$116 800 000	$127 300 000
Portion pertaining to farm financing	98 900 000	107 600 000
	$17 900 000	$19 700 000

These borrowings, in the form of direct advances, bear interest at the prime rate and may be converted into promissory notes or banker's acceptances, at the discretion of the Office. They are repayable in quarterly instalments of $1 600 000, with the balance due in 1996 at maturity.

The Office has agreed not to pledge, mortgage, or otherwise dispose of all or part of the farm and forestry loans extended, up to the amount of the outstanding balances on those borrowings.

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8. Owed to the Gouvernement du Québec -- without interest or repayment terms

	1990	1989
Advance for interest on borrowings	$454 026	$375 222
Advance for working capital	50 000	50 000
Recovery of expenditure to be remitted	3 056	3 165
Balance receivable on losses from the sale of property acquired through borrower default		(11 285)
	$507 532	$417 102

AUDITOR'S REPORT

I have examined the balance sheet of the Office du crédit agricole du Québec-forestry financing as at March 31, 1990 as well as the statement of revenue and expenditure for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Office du crédit agricole du Québec-forestry financing as at March 31, 1990 and the results of its operations for the year then ended in accordance with the accounting policies disclosed in Note 2 applied on a basis consistent with that of the preceding year.

On behalf of the Auditor General of Québec,
Guy Breton, F.C.A.
Assistant Auditor General

Québec, June 5, 1990

PARC TECHNOLOGIQUE DU QUÉBEC MÉTROPOLITAIN
R.S.Q., c. M-15.1.1
GENERAL FUND

REVENUE AND EXPENDITURE AND FUND BALANCE
for the year ended March 31, 1990

	1990	1989
		(Note 3)
EXPENDITURE		
Salaries and wages	$235 961	$132 591
Transportation and communication services	99 853	112 537
Professional and consulting services	77 107	136 668
Space and equipment rental	14 089	7 700
Stationery and office expenses	36 893	16 453
Insurance	3 130	2 336
Interest and bank charges	2 898	3 555
Acquisition of fixed assets	30 042	9 528
Contributions to the special projects fund	1 038	
	501 011	421 368
REVENUE		
Interest on bank deposits	10 332	7 920
EXPENDITURE IN EXCESS OF REVENUE	490 679	413 448
SUBSIDIES (Note 5)	582 425	575 024
SUBSIDIES AND REVENUE IN EXCESS OF EXPENDITURE	91 746	161 576
FUND BALANCE AT THE BEGINNING	161 576	
FUND BALANCE AT THE END	$253 322	$161 576

PARC TECHNOLOGIQUE DU QUÉBEC MÉTROPOLITAIN

GENERAL FUND

BALANCE SHEET
as at March 31, 1990

	1990	1989
		(note 3)
ASSETS		
CURRENT ASSETS		
Cash	$276 997	$128
Accounts receivable	8 111	18 402
Subsidies receivable (Note 5)	95 264	375 024
Prepaid expenses	638	4 063
	$381 010	$397 617
LIABILITIES		
CURRENT LIABILITIES		
Bank loan		$161 000
Accounts payable and accrued expenses	$33 066	75 041
Deferred subsidy (Note 5)	93 750	
Owed to the special projects fund	872	
	127 688	236 041
FUND BALANCE	253 322	161 576
	$381 010	$397 617

On behalf of the Board of Directors,

Marcel Aubut
J. Desmeules

PARC TECHNOLOGIQUE DU QUÉBEC MÉTROPOLITAIN

FIXED ASSETS FUND

BALANCE SHEET
as at March 31, 1990

	1990	1989
		(Note 3)
ASSETS		
FIXED ASSETS		
Furniture and office equipment	$17 441	$1 651
Data processing equipment	16 976	6 024
Sign-board	1 853	1 853
Leasehold improvements	3 300	
	$39 570	$9 528
FUND BALANCE		
Balance at the beginning	$9 528	
Fixed assets acquired from general fund revenues	30 042	$9 528
BALANCE AT THE END	$39 570	$9 528

On behalf of the Board of Directors,

Marcel Aubut
J. Desmeules

PARC TECHNOLOGIQUE DU QUÉBEC MÉTROPOLITAIN

SPECIAL PROJECTS FUND

FUND BALANCE
for the year ended March 31, 1990

	1990	1989
BALANCE AT THE BEGINNING		
REVENUE		
Contributions from the general fund	$1 038	
Interest on bank deposits	2 606	
	3 644	
Proceeds of the disposal of land belonging to the Gouvernement du Québec (Note 4)	137 071	
BALANCE AT THE END	$140 715	

BALANCE SHEET
as at March 31, 1990

	1990	1989
ASSETS		
Cash	$8 034	
Term deposit -- at cost	129 625	
Accrued interest on term deposit	2 184	
Owed by the general fund	872	
	$140 715	
FUND BALANCE	$140 715	

On behalf of the Board of Directors,

Marcel Aubut
J. Desmeules

NOTES TO FINANCIAL STATEMENTS
March 31, 1990

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1. Constitution and purpose

The Parc technologique du Québec métropolitain (Parc), a non-profit organization, is a corporation within the meaning of the Civil Code, constituted February 17, 1988 by letters patent under section 12 of the Act respecting the Ministère de l'Enseignement supérieur et de la Science (R.S.Q., chapter M-15.1.1). The Parc's purpose is to further the economic progress of the Québec region by promoting the development and preparation of the Communauté urbaine de Québec area by reserving it exclusively for concentration of research centres and laboratories, of industries and other parties dedicated to industrial and high technology development.

The Parc's letters patent will be repealed three years after its inception, that is February 16, 1991. At the end of its mandate, the Parc will turn over all its books and documents to the Government as well as all its movable property and capital assets that are not required to fulfil its obligations; the rights and duties of the Parc could be taken over by another organization appointed by the Government.

2. Accounting policies

The Parc's financial statements were prepared by management on the accrual basis in accordance with the accounting policies as disclosed hereunder. These statements include amounts based on best judgment and estimates.

Starting with the current year, the Parc technologique du Québec métropolitain presents its operations under three different funds whose mission and accounting policies are respectively described hereunder.

General fund

The general fund presents the current operations of the Parc.

Fixed assets

Acquisition of fixed assets is charged to operations.

Fixed assets fund

The fixed assets fund records movable and immovable assets of the Parc which have been charged to the general fund.

Fixed assets

Fixed assets are recorded at cost and are not depreciated.

Special projects fund

The special projects fund, whose revenue springs from contributions of certain agencies, exists for special purposes such as the incubation centre project.

3. Amendments to accounting policies

The Parc's financial statements have been changed through the retroactive implementation of fund accounting. The impact of this amendment on the financial statements for the year ended March 31, 1989 breaks down as follows:

Statement of revenue and expenditure and surplus

Excess of subsidies and revenue over expenditure and surplus as at March 31, 1989 previously stated	$169 199
Plus:	
Cancellation of depreciation on fixed assets	1 905
	171 104
Less:	
Acquisition of fixed assets	9 528
Excess of subsidies and revenue over expenditure and surplus as at March 31, 1989, restated	$161 576

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990

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3. Amendments to accounting policies (cont'd)

Comparative figures for 1989, comprising the operations from February 17, 1988 to March 31, 1989, have been reclassified and restated to take this amendment to accounting policies into account.

4. Proceeds of the disposal of land belonging to the Gouvernement du Québec

Under an agreement approved by the Gouvernement du Québec, the Minister of Transport is responsible for acquiring the land within the Parc and he must sell parcels of land upon written request from the Parc technologique du Québec métropolitain, at a price set by the latter. Should such a selling price be lower than that set under the agreement, it is understood that the Parc will remit the difference to the Minister, but if it is higher, the Parc keeps the difference.

During the year, the excess thus kept by the Parc upon the sale of one parcel amounts to $137 071.

5. Subsidies

Office de planification et de développement du Québec (OPDQ)

The Office is committed to pay to the Parc a subsidy not exceeding $600 000 at the annual rate of $200 000, starting with year 1987-1988 of the Office. At March 31, 1990, this subsidy had been totally paid.

Ministère de l'Expansion industrielle régionale (MEIR)

Under a special assistance project, this Government of Canada department grants to the Parc, to offset its operating costs, a subsidy equal to the lower of the following amounts: 28,6% of eligible annual costs during three years or $200 000 a year during three years.

Ville de Québec

The Ville de Québec is committed to pay to the Parc a total subsidy of $375 000, split equally between calendar years 1989, 1990 and 1991.

Ville de Sainte-Foy

The Ville de Sainte-Foy is committed to pay to the Parc $125 000 for calendar year 1990, with a view to covering part of the Parc's operating expenses.

Revenue brom subsidies, subsidies receivable and deferred subsidy

	Revenue from subsidies year ended March 31		At March 31, 1990	
	1990	1989	Subsidies receivable	Deferred subsidy
Office de planification et de développement du Québec (OPDQ)	$200 000	$400 000		
Ministère de l'Expansion industrielle régionale (MEIR)	132 425	112 524	$64 014	
Ville de Québec	125 000	31 250		$93 750
Ville de Sainte-Foy	125 000	31 250	31 250	
	$582 425	$575 024	$95 264	$93 750

AUDITOR'S REPORT

I have examined the balance sheets of the general fund, the fixed assets fund and special projets fund of the Parc technologique du Québec métropolitain as at March 31, 1990 as well as the statement of revenue and expenditure and fund balance of the general fund and the statement of fund balance of the special projects fund for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the funds of the Parc as at March 31, 1990 and the results of its operations for the year then ended in accordance with the accounting policies disclosed in Note 2 applied on a basis consistent with that of the preceding year after the retroactive implementation of fund accounting as disclosed in Note 3.

The Auditor General of Québec,
Rhéal Chatelain, F.C.A.

Québec, July 4, 1990

RADIO-QUÉBEC
R.S.Q., c. S-11.1

REVENUE AND EXPENDITURE AND EQUITY
for the year ended March 31, 1990

	1990	1989
EXPENDITURE (Note 3)		
Cost of broadcasts		
Programs produced and broadcast (Note 4)	$33 882 267	$35 960 037
Acquisitions and coproductions	19 064 380	15 393 887
	52 946 647	51 353 924
Distribution cost		
Production and network	10 471 788	10 313 908
Programming	5 731 002	7 264 572
	16 202 790	17 578 480
Cost of broadcasting and distribution	69 149 437	68 932 404
Administration	8 013 024	7 478 872
Financial expenses (Note 5)	2 829 718	2 885 651
	79 992 179	79 296 927
REVENUE (Note 6)	15 911 949	14 154 024
EXPENDITURE IN EXCESS OF REVENUE BEFORE EXTRAORDINARY ITEM	64 080 230	65 142 903
Costs attendant on the reorganization of operations and the closing down of certain regional offices		606 569
EXPENDITURE IN EXCESS OF REVENUE	64 080 230	65 749 472
Operating subsidy from the Gouvernement du Québec	62 226 500	61 676 500
EXPENDITURE IN EXCESS OF REVENUE AND SUBSIDY	1 853 730	4 072 972
OPENING EQUITY	3 569 883	7 642 855
CLOSING EQUITY	$1 716 153	$3 569 883

CHANGES IN FINANCIAL POSITION
for the year ended March 31, 1990

	1990	1989
OPERATING ACTIVITIES		
Excess of expenditure over revenue and subsidy	($1 853 730)	($4 072 972)
Items not affecting liquid assets		
Depreciation on fixed assets	3 346 316	3 360 296
Deferred revenues	(10 268)	(6 957)
	1 482 318	(719 633)
Changes in assets and liabilities related to operations	3 187 705	(1 848 394)
Funds generated (absorbed) by operating activities	4 670 023	(2 568 027)
FINANCING ACTIVITIES		
Bond issue	4 450 000	10 000 000
Repayment of the long-term debt	(2 109 957)	(1 924 598)
Commitments under capital leases		983 868
Receipts from guaranteed receivables	292 623	261 055
Funds generated by financing activities	2 632 666	9 320 325
INVESTMENT ACTIVITIES		
Acquisition of fixed assets	(1 892 667)	(2 674 913)
Increase in deferred charges	(513 169)	(101 681)
Acquisition of assets held under capital leases		(264 374)
Funds absorbed by investment activities	(2 405 836)	(3 040 968)
INCREASE IN LIQUID ASSETS	4 896 853	3 711 330
OPENING DEFICIENCY IN LIQUID ASSETS	12 357 099	16 068 429
CLOSING DEFICIENCY IN LIQUID ASSETS	$7 460 246	$12 357 099

Deficiency in liquid assets consists of outstanding cheques less cash and loans from financial institutions.

RADIO-QUÉBEC

BALANCE SHEET
as at March 31, 1990

	1990	1989
ASSETS		
CURRENT ASSETS		
Accounts receivable	$3 223 431	$4 206 577
Operating subsidy receivable from the Gouvernement du Québec	396 100	390 800
Programs produced and in process	4 715 610	4 606 154
Broadcast and distribution rights and participation in coproductions	12 833 570	11 179 464
Technical and production supplies	505 470	543 433
Prepaid expenses	379 896	405 136
Instalments on guaranteed receivables (Note 7)	328 176	292 623
	22 382 253	21 624 187
GUARANTEED RECEIVABLES (Note 7)	2 187 404	2 515 580
FIXED ASSETS (Note 8)	23 408 088	24 861 737
DEFERRED CHARGES (Note 9)	614 850	101 681
	$48 592 595	$49 103 185
LIABILITIES		
CURRENT LIABILITIES		
Outstanding cheques less cash	$802 156	$413 539
Loans from financial institutions	6 658 090	11 943 560
Accounts payable and accrued expenses	6 564 081	4 886 277
Broadcast and distribution rights and participation in coproductions	6 401 856	4 169 442
Instalments on the long-term debt (Note 10)	2 647 976	2 105 159
Deferred revenues (Note 12)	61 635	62 535
	23 135 794	23 580 512
LONG-TERM DEBT (Note 10)	21 623 795	19 826 569
ADVANCE FROM THE GOUVERNEMENT DU QUÉBEC (Note 11)	1 800 000	1 800 000
DEFERRED REVENUES (Note 12)	316 853	326 221
	46 876 442	45 533 302
EQUITY	1 716 153	3 569 883
	$48 592 595	$49 103 185

FUND FOR THE PRODUCTION OF EDUCATIONAL AUDIOVISUAL MATTER (Note 13)

CONTINGENT LIABILITIES (Note 14)

COMMITMENTS (Note 15)

On behalf of the Board of Directors,

Guy Lord
Françoise Bertrand

NOTES TO FINANCIAL STATEMENTS
March 31, 1990

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1. Constitution and purpose

A corporation within the meaning of the Civil Code, Radio-Québec was incorporated under the Act respecting the Société de radio-télévision du Québec (R.S.Q., c. S-11.1) to establish and operate an educational radio and television broadcasting service throughout Québec as well as to establish, own and operate a service to produce audiovisual and broadcast matter.

2. Accounting policies

Radio-Québec financial statements were prepared by management on the accrual basis and in accordance with the accounting policies as disclosed below. They include amounts which are based on best estimates and judgment.

These financial statements combine the Société's accounts with those of the fund for the production of educational audiovisual matter.

Production and technical supplies

The inventory of technical and production supplies is recorded at the lower of cost and net realizable value. They are valued by the average cost method.

Shows produced and under production

Shows already produced and under production are entered at cost, which includes the direct cost of supplies and services in addition to the share of labour costs and general expenses allocated to each show. The total cost for a given show is charged to operations when broadcast or when it is declared unusable.

By-products

Production costs related to by-products (records, printed matter, figurines, etc.) are charged to operations for the fiscal year during which they are incurred. Revenue and royalties from the sale of these products are recorded on the cash basis.

Participation in the cost of shows produced by the fund for the production of educational audiovisual matter

Participation in the cost of such shows is entered as deferred revenue as soon as it is known, and then transferred to revenue at the date of broadcasting.

This fund's revenues are reinvested in similar productions.

Broadcast and distribution rights and participation in co-productions

Broadcast and distribution rights for audiovisual matter are generally acquired for five years; they are capitalized then charged to operations according to broadcasts and on the following basis, except where otherwise stipulated by contract:

70% for the first presentation;
30% for the second presentation.

Rights on films deemed unusable are written off as soon as such a decision is made.

Radio-Québec's participation in co-productions and their attendant rights are capitalized and then charged completely to operations at first presentation.

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990

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2. Accounting policies (cont'd)

Fixed assets

Fixed assets are recorded at cost and depreciated by the straight-line method at the following rates:

	Rate
Antenna network	5%
Improvements to antenna network	10%
Broadcast centre	20%
Technical equipment	10%
Furniture and fixtures	10%
Data processing equipment	20%
Automotive equipment	20%
Leasehold improvements	Length of lease, maximum 5 years

The antenna network includes buildings, materials, engineering services, infrastructures, direct labour as well as interest on interim financing during construction and attendant general expenses.

Employee vacations

Employee vacations are recorded when paid.

Pension plans

Employer contributions to the Government and Public Employees Retirement Plan (RREGOP) and the Civil Service Superannuation Plan (CSSP) are assumed by the Gouvernement du Québec and are not shown on the statement of revenue, expenditure and equity.

3. Expenditure by category

	1990	1989
Salaries and wages	$37 140 191	$37 003 295
Transport and communication services	3 463 693	3 746 416
Professional, administrative and other services	13 614 349	12 339 190
Rent	6 569 469	6 325 478
Materials and supplies	3 294 196	3 434 851
Broadcast and distribution rights	9 628 247	9 550 574
Depreciation on fixed assets	3 346 316	3 360 296
Financial expenses	2 829 718	2 885 651
Bad debts	116 173	7 709
	80 002 352	78 653 460
Shows produced and under production and perticipation in co-productions -- Changes for the year	(10 173)	643 467
	$79 992 179	$79 296 927

4. Cost of shows produced and broadcast

	1990	1989
Shows produced and under production at the beginning	$4 606 154	$7 010 537
Cost of production for the year		
National productions	19 146 517	20 560 585
Regional productions	4 720 158	4 502 978
Depreciation on technical equipment	1 064 382	1 214 108
General expenses	4 618 823	4 308 746
Fund for the production of educational audiovisual matter	4 441 843	2 969 237
	33 991 723	33 555 654
	38 597 877	40 566 191
Less: Shows produced and under production at year-end	4 715 610	4 606 154
Cost of shows produced and broadcast	$33 882 267	$35 960 037

5. Financial expenses

	1990	1989
Interest on bonds	$1 773 918	$1 419 652
Interest on borrowings from financial institutions	281 809	481 898
Interest on capital leases	773 991	984 101
	$2 829 718	$2 885 651

6. Revenue

	1990	1989
Sales, services and participations	$15 351 738	$13 529 198
Interest on mortgage loan and bank deposits	560 211	624 826
	$15 911 949	$14 154 024

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990

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7. Secured receivables

	1990	1989
Mortgage loan, rate of 12,25%, repayable in equal monthly instalments of $49 685 until 1991 and of $38 217 until 1997	$2 477 825	$2 759 428
Balance on selling price	37 755	48 775
	2 515 580	2 808 203
Instalments due within one year	328 176	292 623
	$2 187 404	$2 515 580

8. Fixed assets

	1990			1989
	Cost	Accumulated depreciation	Net	Net
Antenna network including improvements	$23 201 308	$8 226 795	$14 974 513	$15 386 009
Broadcast centre	366 923	366 923		67 319
Technical equipment	8 991 186	6 443 165	2 548 021	2 038 270
Furniture and fixtures	1 299 045	1 191 620	107 425	63 014
Data processing equipment	777 858	412 138	365 720	166 104
Automotive equipment	88 819	77 515	11 304	18 786
Leasehold improvements	2 345 350	1 851 102	494 248	761 135
	37 070 489	18 569 258	18 501 231	18 500 637
Assets held under capital leases:				
Technical equipment	11 160 383	6 582 501	4 577 882	5 745 016
Furniture and fixtures	871 284	681 041	190 243	281 144
Data processing equipment	377 077	238 345	138 732	334 940
	12 408 744	7 501 887	4 906 857	6 361 100
	$49 479 233	$26 071 145	$23 408 088	$24 861 737

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990

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9. Deferred charges

The cost of studies and analyses related to the regrouping of Radio-Québec facilities. When the project is completed, the cost will be amortized over the life of the pending lease.

10. Long-term debt

	1990	1989
Series "A" bonds, 17,5%, repayable by annual instalments, maturing December 23, 1996 (a) (b)	$2 575 000	$2 775 000
Series "1" bonds, $5 000 000 at 9,75%, maturing May 25, 1993 and $5 000 000 at 11,25%, maturing May 25, 2008 (a)	10 000 000	10 000 000
Series "2" bonds, 9,75%, maturing September 6, 1994 (a)	4 450 000	
Commitments under capital leases, 10% to 18,9%, maturing in 1997 (c)	7 246 771	9 156 728
	24 271 771	21 931 728
Instalments due within one year	2 647 976	2 105 159
	$21 623 795	$19 826 569

a) Principal and interest are guaranteed by the Gouvernement du Québec with a promise to pay a subsidy for all amounts due.

b) Payments on the principal of series "A" bonds for the next five fiscal years are as follows:

1991	$225 000
1992	300 000
1993	425 000
1994	425 000
1995	450 000

c) Minimum instalments due on commitments under capital leases break down as follows:

1991	$2 907 435
1992	2 370 393
1993	1 523 679
1994	635 713
1995	263 517
1996 and 1997	517 947
Total minimum instalments payable	8 218 684
Interest included in minimum instalments payable	971 913
	$7 246 771

11. Advance from the Gouvernement du Québec

This $1 800 000 interest-free advance was awarded, with no terms of repayment, for the creation of the fund for the production of educational audiovisual matter.

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990

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12. Deferred revenue

Radio-Québec has collected rent in the amount of $455 000 covering a period of 20 years beginning December 1, 1982 for the use of leased assets. The annual rental revenue is determined according to a formula that allows for a constant rate of return over the length of the lease.

13. Fund for the production of educational audiovisual matter

Fund operations are combined with those of Radio-Québec for financial statement purposes.

Administrative expenses of the fund are assumed by Radio-Québec.

REVENUE AND EXPENDITURE
for the year ended March 31, 1990

	1990	1989
Revenue		
Royalties on the sale of by-products	$1 005 394	$1 672 218
Broadcast rights	534 400	431 700
Sale of courses and teaching matter		44 166
Participation in productions:		
Radio-Québec	692 400	
Other participants	2 351 458	445 542
	4 583 652	2 593 626
Expenditure		
Cost of shows produced and broadcast		
Shows produced or under production at the beginning	2 411 412	465 263
Cost of show production for the year including general expenses	7 004 848	5 074 857
	9 416 260	5 540 120
Less: Shows produced and under production at year-end	3 288 841	2 411 412
	6 127 419	3 128 708
Distribution and selling expenses	906 079	1 161 389
	7 033 498	4 290 097
Less: Expenditure assumed by Radio-Québec	2 071 954	1 635 553
	4 961 544	2 654 544
Expenditure in excess of revenue for the year	$377 892	$60 918

13. Fund for the production of educational audiovisual matter (cont'd)

FUND BALANCE
for the year ended March 31, 1990

	1990	1989
Fund balance at the beginning	$590 958	$651 876
Expenditure in excess of revenue for the year	377 892	60 918
Fund balance at year-end	$213 066	$590 958

BALANCE SHEET
as at March 31, 1990

	1990	1989
Assets		
Accounts receivable	$275 000	$394 949
Shows produced and under production	3 288 841	2 411 412
	$3 563 841	$2 806 361
Liabilities		
Owed to Radio-Québec	$1 550 775	$324 507
Accounts payable		90 896
	1 550 775	415 403
Advance from the Gouvernement du Québec	1 800 000	1 800 000
	3 350 775	2 215 403
Fund balance	213 066	590 958
	$3 563 841	$2 806 361

14. Contingent liabilities

A lawsuit for libellous, false and misleading allegations for $900 000 has been filed jointly against Radio-Québec and other parties. Moreover, a $704 000 assessment for retail taxes was issued by the Ministère du Revenu du Québec on June 5, 1989 for the years 1984 to 1987. The management of Radio-Québec is unable to project the issue of these cases and so, no provision has been set up for eventual disbursements. Any amount resulting from those cases will be charged to operations for the then current year.

15. Commitments

Radio-Québec is committed under long-term leases, having maturities extending up to 2013, for premises and other goods and services. In some cases, these leases include renewal options varying from one to six years.

Rent for the year ended March 31, 1990 under those leases amounted to $6 569 469.

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990

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15. Commitments (cont'd)

Minimum future payments are as follows:

1991	$4 840 159
1992	3 932 548
1993	3 042 084
1994	2 418 750
1995	976 699
1996 and thereafter	572 759
	$15 782 999

16. Service exchanges

During the year, Radio-Québec took part in service exchanges totalling approximately $1 606 500 (1989: $1 830 000). This amount was not accounted for and was established from the value of the acquired or rendered services. These transactions in no way affect the results of Radio-Québec.

17. Comparative figures

Certain figures for 1989 have been reclassified for consistency with the presentation for 1990.

AUDITOR'S REPORT

I have examined the balance sheet of Radio-Québec as at March 31, 1990 as well as the statement of revenue and expenditure and equity and the statement of changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Radio-Québec as at March 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies disclosed in Note 2 applied on a basis consistent with that of the preceding year.

The Auditor General of Québec,
Rhéal Chatelain, F.C.A.

Québec, June 20, 1990

RÉGIE DE L'ASSURANCE AUTOMOBILE DU QUÉBEC
R.S.Q., c. R-4

REVENUE AND EXPENDITURE
for the year ended December 31, 1989
(in thousands of dollars)

	1989	1988
REVENUE		
Insurance contributions		
Vehicle registration	358 271	355 586
Driver's licences	90 973	91 661
Issue and renewal fees	56 453	54 129
Investment earnings (Note 3)	440 282	394 064
Other	5 006	4 936
	950 985	900 376
EXPENDITURE		
Compensation paid		
Income replacement indemnities	128 772	124 991
Death benefits	45 284	40 660
Lump sums for permanent aftereffects	44 085	45 465
Clothing and travelling expenses	11 935	10 357
Rehabilitation expenses	11 922	10 410
Medical appraisal	6 196	6 297
Ambulance services (Note 4)	40 149	3 092
Cost of health care (Note 5)	74 617	70 875
Orthopedic appliances, prostheses and other	10 356	8 409
Increase in the actuarial reserve	387 200	360 300
	760 516	680 856
Administrative expenses (Note 6)	161 146	148 527
	921 662	829 383
REVENUE IN EXCESS OF EXPENDITURE BEFORE THE FOLLOWING ITEM:	29 323	70 993
Adjustment to the actuarial reserve of prior years (Note 7)	253 500	264 800
REVENUE IN EXCESS OF EXPENDITURE	282 823	335 793

RÉGIE DE L'ASSURANCE AUTOMOBILE DU QUÉBEC

CHANGES IN FINANCIAL POSITION
for the year ended December 31, 1989
(in thousands of dollars)

	1989	1988
OPERATING ACTIVITIES		
Revenue in excess of expenditure	282 823	335 793
Items not affecting liquidity		
Net increase in the actuarial reserve	133 700	95 500
Depreciation on fixed assets	3 925	5 567
Loss on disposal of fixed assets	234	402
	420 682	437 262
Change in assets and liabilities related to operations	28 273	(19 913)
Funds generated by operating activities	448 955	417 349
INVESTMENT ACTIVITIES		
Funds entrusted to the Caisse de dépôt et placement du Québec		
Demand deposits -- change	(11 977)	39 056
Participation deposits	(451 512)	(459 855)
Acquisition of fixed assets	(11 009)	(1 845)
Disposal of fixed assets	430	7 615
Funds absorbed by investment activities	(474 068)	(415 029)
(DECREASE) INCREASE IN LIQUID ASSETS	(25 113)	2 320
LIQUID ASSETS AT THE BEGINNING	4 501	2 181
LIQUID ASSETS AT THE END	(20 612)	4 501

CONTINGENCY RESERVE
for the year ended December 31, 1989
(in thousands of dollars)

	1989	1988
BALANCE AT THE BEGINNING	939 756	603 963
Revenue in excess of expenditure	282 823	335 793
BALANCE AT THE END	1 222 579	939 756

RÉGIE DE L'ASSURANCE AUTOMOBILE DU QUÉBEC

BALANCE SHEET
as at December 31, 1989
(in thousands of dollars)

	1989	1988
ASSETS		
Cash		4 501
Accounts receivable	5 602	5 475
Accrued investment earnings	44 338	41 329
Prepaid charges (Note 8)	5 008	7 341
Deposits in the general fund of the Caisse de dépôt et placement du Québec		
Demand deposits	37 790	25 813
Participation deposits (Note 9)	4 539 457	4 087 945
Fixed assets (Note 10)	20 008	13 588
	4 652 203	4 185 992
LIABILITIES AND RESERVE		
Outstanding cheques less cash	20 612	
Accounts payable and accrued liabilities	17 522	15 691
Ambulance services payable (Note 4)	37 000	
Owed to the Gouvernement du Québec (Note 11)	78 208	162 421
Obligations to victims -- Actuarial reserve (Note 12)	2 771 300	2 637 600
Deferred contributions	240 418	227 686
Deferred investment earnings	264 564	202 838
	3 429 624	3 246 236
CONTINGENCY RESERVE	1 222 579	939 756
	4 652 203	4 185 992

COMMITMENTS (Note 13)

On behalf of the Board of Directors,

Jean-P. Vézina, President and Managing Director
Louis-Marie Beaulieu, Director

NOTES TO FINANCIAL STATEMENTS
December 31, 1989

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1. Incorporation and purpose

The Régie de l'assurance automobile du Québec was established as a corporation within the meaning of the Civil Code (R.S.Q., c. R-4 and amendments). Its purpose is to:

a) administer the compensation plan provided under the Automobile Insurance Act for victims of bodily injury;
b) administer the compensation plan for property damage provided under Title IV of the Act;
c) administer the Highway Safety Code in respect of vehicle registration, the issuing of driver's licences, highway safety standards for vehicles as well as obligations in the event of an accident; and
d) promote highway safety through improved driving habits and compliance with vehicle safety standards.

The Régie enjoys the rights and privileges of a Government agent and collects fees on its behalf at the time of registration of a vehicle and the issuing of driver's licences.

2. Accounting policies

Régie financial statements were prepared by management on the accrual basis, in accordance with the accounting policies as disclosed hereunder. These statements include amounts based on best judgment and estimates.

a) Deposits in the general fund of the Caisse de dépôt et placement du Québec

Participation deposits are recorded at cost of acquisition.

b) Fixed assets

Fixed assets are recorded at initial cost. Depreciation is charged as follows:

	Method	Service life
Buildings	Straight-line	50 years
Equipment	Straight-line	5 years
Data processing equipment and software	Straight-line, taking into account residual value	Max. 5 years

The cost of furniture and furnishings, equipment, leasehold improvements and data processing equipment and software whose unit cost is below the minimum charge to capital are posted to operations.

Building under construction includes all direct costs and depreciation does not apply.

c) Actuarial reserve

The actuarial reserve corresponds to:

1. the capitalized value of income replacement indemnities, death benefits and other indemnities for claims filed and accepted, less the current value of recoveries;
2. the estimated current value of compensation resulting from claims under study or not yet filed;
3. the estimated current value of future administrative expense for the payment of compensation.

d) Recovery of compensation paid

Receivables corresponding to indemnities that are to be recovered for accidents which occurred prior to March 1, 1978 are not entered on the balance sheet. Amounts recovered during the year are credited to operations as a reduction of compensation paid.

2. Accounting policies (cont'd)

e) Contributions

Insurance contributions associated with vehicle registration and driver's licences are posted to revenue on the basis of the period between the beginning of the month during which issue or renewal took place and the end of the month preceding the date of expiry.

f) Investment earnings

Revenue allocated by the Caisse de dépôt et placement du Québec to holders of participation deposit units in its general fund includes gains and losses on the sale of investments. This portion is deferred and amortized over ten years on the straight-line basis.

3. Investment earnings
(in thousands of dollars)

	1989	1988
Participation deposits:		
Allocated revenue	496 484	373 312
Less: gains and losses on the sale of investments	102 414	14 622
	394 070	358 690
Amortization of deferred investment revenue	40 688	30 807
	434 758	389 497
Demand deposits	4 703	4 055
Bank deposits	821	512
	440 282	394 064

4. Ambulance services

The Government raised ambulance services for the transportation of road accident victims starting December 21, 1988. A Cabinet decision on February 7, 1990 recommends proposing an amendment to the Automobile Insurance Act in order to provide payment by the Régie of a lump sum benefit in addition to the basic benefit, as a contribution for ambulance services. For year 1989, this lump sum payment has been set at $37 million.

5. Cost of health care

This cost includes $67 881 778 (1988: $65 208 240) as an annual payment to the Gouvernement du Québec to reimburse the cost of health services resulting from road accidents.

6. Administrative expenses
(in thousands of dollars)

	1989	1988
Salaries and wages	83 413	78 530
Travelling expenses	2 304	2 134
Contribution collection expenses	9 695	8 059
Administrative and professional fees	15 120	11 647
Communication	9 121	8 494
Information and advertising	4 486	4 840
Furniture, furnishings, equipment	1 745	2 319
Maintenance	668	589
Space and equipment rental	10 060	9 565
Data processing and office automation equipment	4 235	3 042
Rental and maintenant of data processing and office automation equipment	7 879	6 650
Printing, supplies and other expenses	8 495	7 091
Depreciation on fixed assets	3 925	5 567
	161 146	148 527

NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31, 1989

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7. Adjustment to the actuarial reserve of prior years

A comparison as at December 31, 1989 of the reserve of prior years with that expected, based on the previous valuation, enabled the Régie to set at $253 500 000 (1988: $264 800 000) the amount resulting from all modifications or experience spreads observed during the actuarial valuation as at December 31, 1989.

Of that amount, $133 100 000 (1988: $158 300 000) is tied to economic factors; the balance results from other assumptions, especially those related to disability periods.

8. Prepaid expenses

In December 1988, the Régie leased a computer to meet additional demand, ceding to the lessor a computer whose market value is amortized, taking into account its residual value, as rent over the duration of the lease.

9. Participation deposits

Participation deposits in the general fund of the Caisse de dépôt et placement du Québec are expressed in units, each unit giving its holder a proportional share of the net equity and net revenue of the general fund. The units may be reimbursed, upon notice in accordance with the terms of Caisse by-laws, based on the realizable value of the net equity of the general fund at the end of each month.

	1989	1988
Number of units	5 870 360	5 338 735
Cost of units	$4 539 457 104	$4 087 945 143
Realizable value of units	$5 053 792 337	$4 391 685 587
Proportion of outstanding general fund units	24,9%	23,9%

10. Fixed assets
(in thousands of dollars)

	1989			1988
	Cost	Accumulated depreciation	Depreciated value	Depreciated value
Land	1 636		1 636	1 636
Building under construction	7 074		7 074	362
Building	3 294	197	3 097	3 113
Data processing equipment and software	19 898	11 788	8 110	8 295
Equipment	616	525	91	182
	32 518	12 510	20 008	13 588

The estimated cost of the building under construction is $50 million of which $7 074 000 is entered into fixed assets and $12 586 000 into commitments for years 1990 to 1992.

11. Owed to the Gouvernement du Québec

This item includes a remittance of $75 million (1988: $150 million) payable March 30, 1990 to the Gouvernement du Québec for capital expenditures on road safety matters.

NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31, 1989

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12. Obligations to victims -- Actuarial reserve

(in thousands of dollars)

	1989	1988
Compensation:		
Claims filed and accepted:		
Capitalized value of future indemnities including pension indexing	2 482 500	2 362 000
Claims under study or not yet filed:		
Estimated current value of resulting compensation	138 200	141 400
	2 620 700	2 503 400
Future administrative expenses:		
Estimated current value of compensation payment costs	150 600	134 200
	2 771 300	2 637 600

13. Commitments

(in thousands of dollars)

Minimal commitments at December 31, 1989 for a building under construction, under leases for space and data processing equipment and software and for the rehabilitation intervention program are as follows:

1990	24 170
1991	12 298
1992	7 395
1993	3 199
1994	1 760
1995 and following years	1 869
	50 691

14. Pension plans

Régie employees participate in the Government and Public Employees Retirement Plan and in the Civil Service Superannuation Plan. Since July 1, 1982, plan costs are shared equally between the employer and employees. These are benefit based plans and include guaranteed payments upon retirement and death. Régie contributions charged to the year amount to $3 505 311 (1988: $3 281 340). The Régie's commitment toward the plans is limited to current service contributions as employer.

15. Amendment to the Automobile Insurance Act

The Act to amend the Automobile Insurance Act and other legislation (1989, chapter 15) assented to June 19, 1989 changes the compensation for bodily injury paid to victims of road accidents and aims especially at increasing gradually, during years 1990, 1991 and 1992, the compensation for damage endured by heavily injured persons. Certain provisions of this Act, coming into force January 1, 1990, have led to an increase in the actuarial reserve of $18,1 million at December 31, 1989 and to the same decrease in the excess of revenue over expenditure for the year. They will also bring about additional costs of approximately $17 million in 1990, $45 million in 1991 and $70 million in 1992.

16. Comparative figures

Certain figures from 1988 were reclassified for consistency with the presentation adopted in 1989.

CERTIFICATE
pursuant to the valuation of the actuarial reserve of the Régie de l'assurance automobile du Québec as at December 31, 1989

The valuation at December 31, 1989 of the amount needed to cover the payment of all present and future compensation resulting from accidents that occurred before the first of January 1990 was made in accordance with the requirements of section 153 of the Automobile Insurance Act (R.S.Q., c. A-25).

Indemnities covered by the valuation are those provided for under Title II, chapter II of Title IV and under chapter II of Title V of the Automobile Insurance Act for accidents that occurred between March 1 1978 and January 1, 1990, as well as those provided for under chapter III of Title IV of the Act for accidents that occurred between September 30, 1961 and March 1, 1978. The impact of the transitional provisions contemplated in the Act to amend the Automobile Insurance Act and other legislation (1989 chapter 15) has also been evaluated.

The amount of the actuarial reserve at December 31, 1989 is $2 771,3 million, a necessary and sufficient provision for payment of the indemnities referred to above.

In my opinion, this valuation is based on reliable data; the assumptions and methods used are appropriate to the circumstances and the valuation was carried out in accordance with generally accepted actuarial principles.

Marc Tardif, F.S.A., F.I.C.A.
Blondeau & compagnie

Montréal, March 14, 1990

AUDITOR'S REPORT

I have examined the balance sheet of Régie de l'assurance automobile du Québec as at December 31, 1989 as well as the statement of revenue and expenditure, the statement of the contingency reserve and the statement of changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Régie as at December 31, 1989 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies disclosed in Note 2 applied on a basis consistent with that of the preceding year.

The Auditor General of Québec,
Rhéal Chatelain, F.C.A.

Québec, March 30, 1990

RÉGIE DE L'ASSURANCE-DÉPÔTS DU QUÉBEC
R.S.Q., c. A-26
DEPOSIT INSURANCE FUND

REVENUE AND EXPENDITURE AND RETAINED EARNINGS
for the year ended December 31, 1989

	1989	1988
REVENUE		
Premiums	$15 300 626	$13 701 276
Interest on deposits and other accounts receivable	3 525 209	1 427 872
Inspection fees		5 477
Other	13 422	
	18 839 257	15 134 625
OPERATING EXPENSES		
Salaries and wages	214 896	199 925
Other administrative expenses	189 168	152 434
Inspection fees		5 477
	404 064	357 836
NET PROFIT	18 435 193	14 776 789
RETAINED EARNINGS AT THE BEGINNING	35 411 873	20 635 084
RETAINED EARNINGS AT THE END	$53 847 066	$35 411 873

RÉGIE DE L'ASSURANCE-DÉPÔTS DU QUÉBEC

DEPOSIT INSURANCE FUND

CHANGES IN FINANCIAL POSITION
for the year ended December 31, 1989

	1989	1988
OPERATING ACTIVITIES		
Net profit for the year	$18 435 193	$14 776 789
Advance granted to a registered institution	(2 500 000)	
Recovery of claims on guaranteed deposits	666 130	400 000
Changes in other assets and liabilities related to operations	287 437	(996 540)
Funds generated by operating activities	16 888 760	14 180 249
INVESTMENT ACTIVITIES		
Funds absorbed by:		
Demand deposits with the Caisse de dépôt et placement du Québec	(16 404 147)	(9 684 049)
INCREASE IN CASH	484 613	4 496 200
CASH AT THE BEGINNING	4 497 530	1 330
CASH AT THE END	$4 982 143	$4 497 530

RÉGIE DE L'ASSURANCE-DÉPÔTS DU QUÉBEC

DEPOSIT INSURANCE FUND

BALANCE SHEET
as at December 31, 1989

	1989	1988
ASSETS		
Cash	$4 982 143	$4 497 530
Premiums receivable	1 386 482	1 710 170
Demand deposits with the Caisse de dépôt et placement du Québec	36 676 899	20 272 752
Advances to a registered institution (Note 3)	10 000 000	7 500 000
Claims on guaranteed deposits (Note 4)	2 388 463	3 054 593
Accounts receivable	371 958	201 881
	$55 805 945	$37 236 926
LIABILITIES		
Accounts payable	$958 879	$825 053
EQUITY OF THE FUND		
Contributions from the Gouvernement du Québec	1 000 000	1 000 000
Retained earnings	53 847 066	35 411 873
	54 847 066	36 411 873
	$55 805 945	$37 236 926

GUARANTEED DEPOSITS (Note 5)
CONTINGENT LIABILITY (Note 6)

On behalf of the Board of Directors,

Jean-Marie Bouchard
Jean-Michel Paris

RÉGIE DE L'ASSURANCE-DÉPÔTS DU QUÉBEC

DEPOSIT INSURANCE FUND

NOTES TO FINANCIAL STATEMENTS
December 31, 1989

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1. Constitution, purpose and financing

The purpose of the Régie de l'assurance-dépôts du Québec, incorporated under the Deposit Insurance Act (R.S.Q., c. A-26), is to:

-- control the solicitation and reception of deposits of money from the public;

-- guarantee, to any person who has deposited money in a registered institution, payment of the principal and interest on such deposits at their respective maturities, up to $60 000;

-- manage a deposit insurance fund;

-- administer a system of licences.

By virtue of this Act:

-- The deposit insurance fund must be maintained for the performance of the guarantee obligation as well as to exercise certain powers. Premiums collected by the Régie are paid into this fund, as are the amounts that the Minister of Finance may, when authorized by the Government and under conditions set by it, pay to the Régie from time to time;

-- Should the resources of the Régie be insufficient to meet its obligations or exercise its powers, the Minister of Finance may, when authorized by the Government and under conditions set by it, make advances to the Régie or guarantee payment of any commitment the latter may make. The total unpaid balance of such advances and guaranteed commitments must not excees $700 000 000.

2. Accounting policies

The financial statements of the Régie were prepared by management on the accrual basis and in accordance with the accounting policies as disclosed hereunder. They include amounts based on best estimates and judgment.

Premiums

Premiums collected from registered institutions are based on the amount of their insured deposits as at April 30 of each year.

Allowance for losses

The allowance for losses, determined on a case by case basis, arising from the subrogation of depositors' rights and interests or from specific interventions, is entered on the books as soon as a reasonable evaluation can be carried out. The annual change in this allowance is recorded in the statement of revenue and expenditure and retained earnings.

Administrative expenses

The cost of the fringe benefits granted to employees of the Régie is assumed by the Gouvernement du Québec and is not shown in the statement of revenue and expenditure and retained earnings.

3. Advances to a registered institution

	1989	1988
La Financière, prêts-épargne inc.		
-- Advance, without interest, maturing in 1991 and totally secured by a long-term deposit with a financial institution	$5 000 000	$5 000 000
-- Advance, without interest, repayable in annual instalments of $1 250 000 on October 1 of 1990, 1991, 1992 et 1993 respectively and totally secured by bonds	5 000 000	-
-- Advance substituted in February 1989		2 500 000
	$10 000 000	$7 500 000

4. Claims following reimbursement of insured deposits

	1989	1988
Claims	$11 188 463	$11 854 593
Allowance for losses	8 800 000	8 800 000
	$2 388 463	$3 054 593

When the Régie pays a cash deposit instead and on behalf of an institution, it subrogates for the depositor and claims from the institution the amount thus paid.

5. Insured deposits

According to the annual reports filed by registered institutions at April 30, 1989, insured deposits amounted to $48,2 billion ($41,7 billion in 1988), $12,7 billion ($10 billion in 1988) of which were held by trust or savings companies incorporated under a federal Act and not required to pay a premium.

By virtue of an agreement reached with the Canada Deposit Insurance Corporation, the latter will compensate the Régie and release it from any responsibilities resulting from a guarantee granted by the latter on deposits from a trust or savings company incorporated under a federal Act.

6. Contingent liability

Crown Trust

This trust company incorporated in Ontario was seized by the Government of that province on January 7 1983.

According to an agreement reached February 7, 1983 between Crown Trust, Central Trust, the Canada Deposit Insurance Corporation and the Registrar under the Loan and Trust Corporations Act of Ontario, Central Trust was appointed to administer the affairs of Crown Trust for a period of five years. This five-year period being ended, the assets of Crown Trust have been put into the hands of trustee in bankruptcy on February 19, 1988.

Given that the deposits received by Crown Trust in Québec are secured by the Régie, an agreement is forthcoming with the Canada Deposit Insurance Corporation to determine the type and amount of losses that the Régie could be called upon to assume.

In view of available information and terms of the forthcoming agreement, the Régie's opinion is that the settlement of that matter will have a minor effect on the equity of the deposit insurance fund. Any amount that the Régie will have to pay on that account will be charged to operations for the then current year.

AUDITOR'S REPORT

I have examined the balance sheet of the deposit insurance fund of the Régie de l'assurance-dépôts du Québec as at December 31, 1989 as well as the statement of revenue and expenditure and retained earnings and the statement of changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the fund as at December 31, 1989 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies disclosed in Note 2 applied on a basis consistent with that of the preceding year.

The Auditor General of Québec,
Rhéal Chatelain, F.C.A.

Québec, March 9, 1990

RÉGIE DE L'ASSURANCE-MALADIE DU QUÉBEC
R.S.Q., c. R-5

COST AND FINANCING OF PROGRAMS ADMINISTERED BY THE RÉGIE
for the year ended March 31, 1990
(in thousands of dollars)

	Health insurance plan	Health assistance	Other programs	Total 1990	Total 1989
COST OF PROGRAMS					
Medical services	1 708 546		72 018	1 780 564	1 666 814
Optometric services	46 740	3 268		50 008	45 022
Dental services	74 505	37 275		111 780	115 242
Drugs and pharmaceutical services	341 831	106 483	193	448 507	395 347
Prostheses	28 716	9 444		38 160	32 743
Scholarships and allowances	20 079			20 079	22 536
Hospital services (Note 3)			117 530	117 530	116 146
	2 220 417	156 470	189 741	2 566 628	2 393 850
Recovery from liable third parties and from foreign nationals for hospital care			2 374	2 374	2 048
	2 220 417	156 470	187 367	2 564 254	2 391 802
Administrative expenses (Note 4)	55 174	5 457	2 028	62 659	59 287
	2 275 591	161 927	189 395	2 626 913	2 451 089
SOURCES OF FINANCING					
Health services fund	2 223 267			2 223 267	2 066 661
Gouvernement du Québec		161 927	171 382	333 309	317 835
Reciprocal agreements with other provinces (Note 3)			18 013	18 013	17 991
Commission de la santé et de la sécurité du travail	50 390			50 390	47 008
Other	1 934			1 934	1 594
	2 275 591	161 927	189 395	2 626 913	2 451 089

RÉGIE DE L'ASSURANCE-MALADIE DU QUÉBEC

BALANCE SHEET
as at March 31, 1990
(in thousands of dollars)

	1990	1989
ASSETS		
CURRENT ASSETS		
Cash	16 020	4 175
Contributions receivable from the Health services fund	203 820	192 553
Charges to be recovered:		
Health assistance program	43 019	28 331
Other programs	44 470	52 991
Other accounts receivable	2 807	2 962
	310 136	281 012
HEAD OFFICE BUILDING (Note 5)	15 400	16 000
	325 536	297 012
LIABILITIES		
CURRENT LIABILITIES		
Outstanding cheques	57 851	64 807
Insured services payable	244 536	208 067
Other accounts payable and accrued expenses	7 749	8 138
	310 136	281 012
LONG-TERM DEBT (Note 6)	15 400	16 000
	325 536	297 012

On behalf of the Régie,

Réjean Cantin
Clément Richer

NOTES TO FINANCIAL STATEMENTS
March 31, 1990
(in thousands of dollars)

1. Constitution, purpose and financing

Created under the Act respecting the Régie de l'assurance-maladie du Québec (R.S.Q., c. R-5 and amendments), the Régie is a corporation responsible for administering the health insurance plan and any other program entrusted to it by the Government or the Act.

The Régie is charged with administering, among others, the health assistance program of the Ministère de la Main-d'oeuvre, de la Sécurité du revenu et de la Formation professionnelle as well as the following program elements of the Ministère de la Santé et des Services sociaux: the remuneration of resident doctors, the payment of hospital services rendered outside Québec, as well as the collection of amounts recoverable for hospital services from liable third parties, residents of other provinces and foreign nationals. The Régie also pays for the professional services of physicians working under legislation administered by the Commission de la santé et de la sécurité du travail, which then reimburses the Régie.

Funding for the health insurance plan comes from the Health services fund, itself financed through employer contributions and sums paid by the Minister of Finance from the Consolidated Revenue Fund according to Régie needs.

2. Accounting policies

The Régie's financial statements were prepared by management in accordance with the accounting policies as disclosed below. These statements include amounts based on best estimates and judgment.

Sources of financing

Revenue is recorded on the accrual basis, except for amounts recovered from third parties and contributions from foreign nationals which are entered on the cash basis.

Cost of programs

Amounts charged to the cost of programs include the estimated value of applications for payment received up to April 30 for services rendered and drugs supplied before April 1.

Administrative expenses

Administrative expenses are recorded on the accrual basis.

Fixed assets

The head office building is recorded at cost and depreciation corresponds to that portion of the long-term debt repaid during the year. The purchase of furniture and equipment, along with the cost of leasehold improvements, is charged to administrative expenses.

3. Hospital services

	1990	1989
Hospital services to Québec residents out of the province	99 517	98 155
Hospital services provided in Québec to residents of other provinces	18 013	17 991
	117 530	116 146

NOTES TO FINANCIAL STATEMENTS (cont'd)

March 31, 1990
(in thousands of dollars)

4. Administrative expenses

	1990	1989
Salaries and wages	41 801	39 345
Office space, equipment and furniture	10 296	10 146
Materials and supplies	2 537	2 554
Transport and communication services	2 962	2 894
Interest on the long-term debt	1 710	1 931
Professional and other services	2 753	1 996
Depreciation on head office building	600	421
	62 659	59 287

5. Head office building

	1990	1989
Cost of building	18 537	18 537
Accumulated depreciation	3 137	2 537
	15 400	16 000

6. Long-term debt

	1990	1989
Series "A" bonds, interest at 10,875% yearly, repayable in annual instalments of $600 000 for principal plus interest, maturing September 30, 1995. Repayment of principal and payment of interest are guaranteed by the Gouvernement du Québec.	15 400	16 000

7. Remuneration of health professionals

The agreement with the Association des spécialistes en chirurgie buccale et maxillo-faciale du Québec expired May 31, 1988, that with the Association québécoise des pharmaciens propriétaires expired May 31, 1989 and that with the Fédération des médecins résidents du Québec expired June 30, 1989. Until new agreements are signed, the involved professionals will the paid according to the rates in effect.

8. Pension plans

Régie employees and salaried health professionals are participants in the Government and Public Employees Retirement Plan or the Civil Service Superannuation Plan. These are of the defined benefit type and guarantee pension and death benefits.

Régie contributions charged to operations for the year total $1 788 749 (1989: $1 701 292) for its employees and are included in administrative expenses. Contributions for salaried health professionals amount to $4 193 105 (1989: $4 086 804) and are included in the cost of programs under "Medical services" and "Dental services". Régie obligations toward these Government plans are limited to its contributions for current service as an employer.

AUDITOR'S REPORT

I have examined the balance sheet of the Régie de l'assurance-maladie du Québec as at March 31, 1990 as well as the statement of cost and financing of programs administered by the Régie for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Régie as at March 31, 1990 and the results of its operations for the year then ended in accordance with the accounting policies disclosed in Note 2 applied on a basis consistent with that of the preceding year.

On behalf of the Auditor General of Québec,
Guy Breton, F.C.A.
Assistant Auditor General

Québec, May 29, 1990

RÉGIE DES ASSURANCES AGRICOLES DU QUÉBEC
R.S.Q., c. A-30
INSURANCE FUNDS

REVENUE AND EXPENDITURE
for the year ended March 31, 1990

	1990	1989
FARM INCOME STABILIZATION INSURANCE FUND		
Revenue		
Member premiums	$62 700 730	$65 172 952
Contribution from the Gouvernement du Québec	125 401 460	130 345 904
Special contribution from the Gouvernement du Québec (Note 3)	3 479 000	2 842 000
	191 581 190	198 360 856
Interest on deposits		2 087 027
	191 581 190	200 447 883
Expenditure		
Compensation paid to the insured	192 895 165	263 602 392
Administrative expenses (Note 4)	2 760 990	2 456 360
Interest on borrowing	4 255 098	
	199 911 253	266 058 752
Less: Administrative expenses assumed by the Gouvernement du Québec	2 760 990	2 456 360
	197 150 263	263 602 392
EXPENDITURE IN EXCESS OF REVENUE	5 569 073	63 154 509
CROP INSURANCE FUND		
Revenue		
Member premiums	19 751 178	15 687 940
Contribution from the Gouvernement du Québec	19 751 178	15 687 940
Special contribution from the Gouvernement du Québec (Note 3)	71 000	58 000
	39 573 356	31 433 880
Interest on deposits	3 885 749	2 933 867
	43 459 105	34 367 747
Expenditure		
Indemnities and compensation	28 182 986	37 618 196
Administrative expenses (Note 4)	15 645 600	13 919 377
	43 828 586	51 537 573
Less: Administrative expenses assumed by the Gouvernement du Québec	15 645 600	13 919 377
	28 182 986	37 618 196
REVENUE IN EXCESS OF EXPENDITURE	15 276 119	(3 250 449)
REVENUE IN EXCESS OF EXPENDITURE FOR THE INSURANCE FUNDS	$9 707 046	($66 404 958)

RÉGIE DES ASSURANCES AGRICOLES DU QUÉBEC

INSURANCE FUNDS

DEFICIT
for the year ended March 31, 1990

	1990	1989
FARM INCOME STABILIZATION INSURANCE FUND		
Opening deficit	$173 317 930	$110 163 421
Expenditure in excess of revenue	5 569 073	63 154 509
Closing deficit	178 887 003	173 317 930
CROP INSURANCE FUND		
Opening (deficit) surplus	(387 999)	2 862 450
Revenue in excess of expenditure	15 276 119	(3 250 449)
Closing surplus (deficit)	14 888 120	(387 999)
DEFICIT OF THE INSURANCE FUNDS AT THE END	$163 998 883	$173 705 929

RÉGIE DES ASSURANCES AGRICOLES DU QUÉBEC

INSURANCE FUNDS

COMBINED BALANCE SHEET
as at March 31, 1990

	1990	1989
ASSETS		
Cash		$1 951 831
Contribution from the Gouvernement du Québec receivable and accrued	$7 343 129,00	7 101 590
Accounts receivable and accrued interest	2 041 028	27 850 881
Advances to the insured (Note 5)	46 105 644	34 912 288
	$55 489 801	$71 816 590
LIABILITIES		
	$1 119 959	
Outstanding cheques less cash		$15 000 000
Bank loan	484 934	248 251
Accounts payable and accrued liabilities		
Provision for indemnities and compensation to the insured	96 468 729	104 819 533
Deferred premiums and contribution	121 415 062	125 454 735
	219 488 684	245 522 519
DEFICIT		
Farm income stabilization insurance fund -- deficit (Note 6)	178 887 003	173 317 930
Crop insurance fund -- (surplus) deficit (Note 7)	(14 888 120)	387 999
Deficit of the insurance funds	163 998 883	173 705 929
	$55 489 801	$71 816 590

On behalf of the Régie,

Guy Blanchet
Norbert Dubé

RÉGIE DES ASSURANCES AGRICOLES DU QUÉBEC

INSURANCE FUNDS

NOTES TO FINANCIAL STATEMENTS
March 31, 1990

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1. Constitution, purpose and financing

The Régie des assurances agricoles du Québec, a corporation within the meaning of the Civil Code constituted under a special Act (R.S.Q., c. A-30), is charged with administering crop insurance and the farm income stabilization insurance plans established by the Government.

Farm income stabilization insurance plans

The purpose of farm income stabilization insurance plans is to guarantee producers an annual net income. Member premiums and the contribution from the Government, which is double the amount of premiums, are deposited in the insurance fund which, in the long term, will be sufficient to pay compensation to which participants are entitled.

When the resources of the insurance fund prove insufficient to pay compensation, the Minister of Finance is authorized to advance sums to the Régie from the Consolidated Revenue Fund to make good any deficiency in such payments. The reimbursement of advances is subject to terms set by the Government.

The Régie may borrow funds to make payments under the farm income stabilization insurance plan. It may use as security for such borrowings all or part of the premiums it collects from farmers as well as Government contributions. The Government sets the amount of any borrowing, the interest rate and other terms as well as the conditions under which premiums and contributions may be transferred and especially, how notice is served of such transfers. The Government may also guarantee any Régie borrowing.

Crop insurance

The object of the crop insurance plan is to guarantee farmers a minimum yield on their crops, in consideration of premiums. These premiums plus an equal contribution by the Government are to be used to create an insurance fund which, in the long term, will be sufficient to pay indemnities and compensation guaranteed under contract to farmers.

When the resources of the insurance fund prove insufficient to pay indemnities and compensation, the Minister of Finance is authorized to advance sums to the Régie from the Consolidated Revenue Fund to make good any deficiency in such payments. The reimbursement of advances is subject to terms set by the Government.

2. Accounting policies

The Régie's financial statements were prepared by management on the accrual basis and in accordance with the accounting policies as disclosed hereunder. These statements include amounts based on best estimates and judgment.

The combined balance sheet includes the balance sheet of the farm income stabilization insurance fund and the crop insurance fund.

Insurance premiums, contributions and compensation

Contributions and premiums for the insurance plans are recorded as revenue for the year during which ends, for each plan, the insurance year and/or the period used to establish prices for compensation purposes.

Advances to insured members

Advances to insured members represent a compensation portion paid as a downpayment to producers before the end of the insurance year or the price setting period. This measure is applied when the spread between the price guaranteed by the Régie and the market price justifies such action and when it is obvious that such a spread will continue until the end of the insurance year or the price setting period.

2. Accounting policies (cont'd)

Administrative expenses

For the purpose of presentation in its financial statements, the administrative expenses assumed by the Gouvernement du Québec are divided between the insurance funds.

The cost of fringe benefits and that of certain support services is paid out of the voted appropriations of various Government departments and agencies, and are not shown in the statement of revenue and expenditure of the insurance funds.

The acquisition cost of machinery and equipment is charged to administrative expenses, in accordance with the accounting policies of the Gouvernement du Québec.

3. Special contribution by the Gouvernement du Québec

With the approval of the Gouvernement du Québec, the Minister of Agriculture, Fisheries and Food must pay to the Régie, during years 1989 to 1993, an annual special contribution of $2 900 000 which represents one-fifth of the deficit accumulated at March 31, 1988 by the crop insurance fund and the farm income stabilization insurance fund from sugar beet production.

This special contribution, increased by accrued interest where applicable, is broken down as follows:

	1990	1989
Farm income stabilization insurance fund	$3 479 000	$2 842 000
Crop insurance fund	71 000	58 000
	$3 550 000	$2 900 000

4. Administrative expenses

	1990	1989
Farm income stabilization insurance fund		
Salaries, wages, allowances and other remuneration	$1 064 850	$941 382
Transportation and communication services	181 894	155 260
Professional, administrative and other services	1 233 538	1 057 406
Maintenance and repairs	14 257	15 304
Rent	150 344	152 477
Materials and supplies	60 388	59 460
Machinery and equipment	51 336	72 056
Other expenses	4 383	3 015
	$2 760 990	$2 456 360
Crop insurance fund		
Salaries, wages, allowances and other remuneration	$6 034 150	$5 334 497
Transportation and communication services	1 030 730	879 804
Professional, administrative and other services	6 990 047	5 991 969
Maintenance and repairs	80 792	86 723
Rent	851 947	864 037
Materials and supplies	342 196	336 941
Machinery and equipment	290 904	408 319
Other expenses	24 834	17 087
	$15 645 600	$13 919 377

5. Advances to the insured

	1990	1989
Farm income stabilization insurance plans		
Grain, grain corn and soybean growers *	$46 105 644	
Grain corn growers		$8 199 615
Grain growers		4 893 829
Piglet producers		21 818 844
	$46 105 644	$34 912 288

* This plan replaces the grain corn growers and the grain growers plans as of insurance year 1989.

6. Changes by farm income stabilization insurance fund plan

	Balance (deficit) at March 31 1989	Premiums	Contributions	Compensation to the insured for insurance years		Breakdown of interest on borrowing	Balance (deficit) at March 31 1990
				Current	Previous		
Plan for producers or growers of:							
Feeder calf	($21 541 943)	$11 956 650	$23 913 300	$39 683 238	($9 736)	($260 479)	($25 085 016)
Slaughter steer and cattle	(13 490 159)	5 342 730	10 685 460	15 198 060	245 343	73 303	(12 978 675)
Heavy veal	(789 302)	3 187 539	6 375 078	8 993 120	96 051	(250 224)	(65 632)
Piglets	39 584 470	4 612 249	9 224 498	28 881 234	2 632	(2 349 088)	26 886 439
Feeder hogs	(18 611 630)	5 179 522	10 359 044	36 820 085	95 174	2 645 891	(42 634 214)
Lamb	(4 918 696)	1 628 397	3 256 794	5 293 494	1 173	351 643	(5 679 815)
Potatoes	(26 034 608)	3 288 684	6 577 368		413 897	1 805 122	(18 387 575)
Grain corn	(73 213 435)	15 382 877	30 765 754	31 223 078	1 270 741	1 692 776	(61 251 399)
Grain	(41 990 049)	12 122 082	24 244 164	23 152 433	1 540 755	(657 440)	(29 659 551)
Sugar beet	(12 312 578)		3 479 000		(5 607)	1 203 594	(10 031 565)
	($173 317 930)	$62 700 730	$128 880 460	$189 244 742	$3 650 423	$4 255 098	($178 887 003)

Plan	Current insurance years
Feeder calf	1989
Slaughter steer and cattle	1989
Heavy veal	1989
Piglets	1988
Feeder hogs	1989
Lamb	1989
Potatoes	1988
Grain corn	1988
Grain	1988

7. Changes by crop category in the crop insurance fund

	Balance (deficit) at March 31 1989	Insurance year 1989			Previous insurance years -- indemnities and compensation	Breakdown of interest on deposits	Balance (deficit) at March 31 1990
		Premiums	Contributions	Indemnities and compensation			
Group systems							
Grain	($2 042 852)	$770 206	$770 206	$666 350	($1 000)	($60 804)	($1 228 598)
Corn silage	1 638 775	170 229	170 229	150 343		255 467	2 084 357
Hay	(6 082 031)	5 942 254	5 942 254	1 418 085	241	689 566	5 073 717
Grain corn	(2 240 732)	526 303	526 303	337 466		(165 223)	(1 690 815)
Honey	(510 401)	113 726	113 726	14 093		(38 755)	(335 797)
Individual systems							
Field crops							
Grain	3 477 190					460 417	3 937 607
Corn silage	2 189 130	382	382			289 939	2 479 833
Hay	3 673 308					486 373	4 159 681
Commercial crops							
Commercial grains	(1 649 554)	1 539 886	1 539 886	2 630 737	148 653	83 921	(1 265 251)
Winter grains	(355 489)	461 293	461 293	2 317 531	666	(86 424)	(1 837 524)
Seed grains	520 327	4 166	4 166	10 503		69 517	587 673
Legumes	271 569	385 998	385 998	1 548 201		4 926	(499 710)
Grain corn	8 006 596	4 360 437	4 360 437	5 789 015	13 746	1 999 182	12 923 891
Fruit crops							
Blueberries	(158 536)	76 909	76 909	106 491	3 901	(7 108)	(122 218)
Strawberries	(1 408 295)	270 330	270 330	778 192		(152 482)	(1 798 309)
Raspberries	(320 922)	35 928	35 928	47 667	602	(31 510)	(328 845)
Dwarf and semi-dwarf apple trees	628 765	80 525	80 525	36 149		104 883	858 549
Apples (classified)	(4 448 125)	1 240 270	1 240 270	4 249 043		(467 391)	(6 684 019)
Apples (unclassified)	(276 267)	72 142	72 142	129 273		(15 985)	(277 241)
Industrial crops							
Sugar beets	(228 837)		71 000			(21 763)	(179 600)
Wax beans	529 546	40 129	40 129	90 141		71 871	591 534
Green beans	6 434	43 115	43 115	49 653		3 819	46 830
Sweet corn	194 765	122 251	122 251	204 019		41 240	276 488
Green peas, smooth	384 605	114 504	114 504	285 448		60 296	388 461
Green peas, wrinkled	817 705	111 680	111 680	87 244		129 225	1 083 046
Cigar and pipe tobacco	263 828	4 693	4 693	3 257		35 968	305 925
Blond tobacco	7 417 740	455 663	455 663	1 541 574		1 010 701	7 798 193
Greenhouse crops							
Cucumbers	(37 627)	3 606	3 606	3 110		(4 221)	(37 746)
Lettuce	(5 686)				149	(574)	(6 409)
Tomatoes	(20 501)	30 128	30 128	20 039		4 129	23 845
Market crops							
Leaf vegetables	(967 202)	451 587	451 587	701 544	41 902	(41 272)	(848 746)
Fruits	(817 473)	199 183	199 183	249 312	773	(68 512)	(734 704)
Root vegetables	(2 248 994)	549 040	549 040	800 080	22 451	(162 892)	(2 136 337)
Hardy vegetables	(1 550)	10 454	10 454	34 863		733	(14 772)
Potatoes	(5 120 672)	1 442 349	1 442 349	3 087 032	53 670	(448 620)	(5 825 296)
Misc. vegetables	(1 466 536)	121 814	121 814	478 070	32 707	(145 888)	(1 879 573)
	($387 999)	$19 751 178	$19 822 178	$27 864 525	$318 461	$3 885 749	$14 888 120

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8. Comparative figures

Certain comparative figures from the 1989 combined balance sheet have been reclassified for consistency with the presentation adopted in 1990.

AUDITOR'S REPORT

I have examined the combined balance sheet of the insurance funds under the administration of the Régie des assurances agricoles du Québec as at March 31, 1990 as well as the statement of revenue and expenditure, the statement of deficit for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the insurance funds under the administration of the Régie as at March 31, 1990 and the results of its operations for the year then ended in accordance with the accounting policies disclosed in Note 2 applied on a basis consistent with that of the preceding year.

The Auditor General of Québec,
Rhéal Chatelain, F.C.A.

Québec, September 21, 1990

RÉGIE DES INSTALLATIONS OLYMPIQUES
R.S.Q., c. R-7
REVENUE FUND

INCOME
year ended October 31, 1989
(in thousands of dollars)

	1989	1988
REVENUE		
Sports installations		
Rent and entrance fees	6 020	6 313
Parking	2 036	2 117
Apartments, commercial and office space		
Rent and parking	11 960	11 638
Fees of food concessions	471	593
Restaurants	1 471	1 204
Advertising	1 532	1 278
Energy cost recovered from third parties	732	775
Work and services billed to tenants	575	1 241
Tourism services	2 795	2 428
Other revenue	183	252
	27 775	27 839
EXPENSES		
Salaries of regular employees	7 392	7 077
Salaries of casual employees	2 452	2 474
Fringe benefits	881	875
Service contracts	7 495	6 910
Materials and equipment rentals	2 094	2 033
Food and beverages for restaurants	531	483
Energy, heating, lighting and air conditioning	5 077	4 994
Insurance, taxes and easement	1 062	1 243
Self-insurance provision	170	170
Professional fees	472	596
Rights, commissions and seals	425	489
Interest on short-term loans	113	12
Interest on long-term debt	555	555
Tickets to events for purposes of resale	510	313
Stationery, printing, telephone and messenger service	541	582
Advertising	939	827
Other expenses	431	408
Depreciation of fixed assets	1 647	1 992
Expenses charged to the Construction Fund	(431)	(374)
	32 356	31 659
OPERATING DEFICIT	(4 581)	(3 820)
Unusual items (Note 4)	(534)	(1 204)
TOTAL DEFICIT	(5 115)	(5 024)
Gouvernement du Québec grant (Note 5)	5 115	5 024

RÉGIE DES INSTALLATIONS OLYMPIQUES

REVENUE FUND

BALANCE SHEET
October 31, 1989
(in thousands of dollars)

	1989	1988
ASSETS		
CURRENT ASSETS		
Cash	175	69
Accounts receivable	740	453
Balance of grant receivable	1 365	674
Advances to Construction Fund	1 409	32
Inventories	818	634
Prepaid expenses	246	311
	4 753	2 173
FIXED ASSETS (Note 6)	11 049	8 728
	15 802	10 901
LIABILITIES		
CURRENT LIABILITIES		
Bank advances	893	375
Short-term loans	335	168
Accounts and commitments payable	8 013	4 017
Deferred revenue	1 051	1 001
	10 292	5 561
SELF-INSURANCE PROVISION	510	340
LONG-TERM DEBT (Note 7)	5 000	5 000
	15 802	10 901

CONTINGENT LIABILITIES (Note 12)

On behalf of the Board,

Pierre Bibeau, Director
André Grou, Director

RÉGIE DES INSTALLATIONS OLYMPIQUES
R.S.Q., c. R-7
CONSTRUCTION FUND

CHANGES IN FINANCIAL POSITION
year ended October 31, 1989
(in thousands of dollars)

	1989	1988
FINANCING ACTIVITIES		
Contributions received from the Special Olympic Fund	78 707	58 541
Repayments of long-term debt	(63 000)	(53 000)
	15 707	5 541
INVESTING ACTIVITIES		
Construction disbursements	(18 753)	(6 202)
Recovery of the advance on construction contract	27	337
Net changes in other assets and liabilities	3 408	(56)
	(15 318)	(5 921)
CASH INCREASE (DECREASE)	389	(380)
CASH POSITION, BEGINNING OF YEAR	(407)	(27)
CASH POSITION, END OF YEAR	(18)	(407)

Cash of the Construction Fund of the Régie consists of bank overdraft.

RÉGIE DES INSTALLATIONS OLYMPIQUES

CONSTRUCTION FUND

BALANCE SHEET
October 31, 1989
(in thousands of dollars)

	1989	1988
ASSETS		
COST OF OLYMPIC INSTALLATIONS		
Construction cost -- installations (Note 8)	1 226 354	1 206 364
Capitalized interest on long-term debt	16 160	16 160
	1 242 514	1 222 524
Contributions received (Note 9)	(858 143)	(779 436)
	384 371	443 088
OTHER ASSETS		
Accounts receivable	3	6
Advance on a construction contract	96	123
Expenses to be assumed by the Special Olympic Fund (Note 10)	76 552	94 942
	76 651	95 071
	461 022	538 159
LIABILITIES		
Bank overdraft	18	407
Long-term debt (Note 11)	443 161	518 740
Accounts and commitments payable	3 614	2 377
Holdback on a construction contract	1 000	3 000
Due to the Revenue Fund	1 409	32
Accrued interest	11 820	13 603
	461 022	538 159

CONTINGENT LIABILITIES (Note 12)

On behalf of the Board,

Pierre Bibeau, Director
André Grou, Director

NOTES TO FINANCIAL STATEMENTS
October 31, 1989

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1. Statutes of incorporation and nature of activities

The Régie des installations olympiques, the "Régie", is a mandatary corporation of the Gouvernement du Québec, incorporated by an Act adopted by the Gouvernement du Québec, the Act respecting the Régie des installations olympiques.

The Régie is the owner of all movable and immovable installations provided for the Games of the XXIst Olympiad, the Olympic Village and the Centre Paul-Sauvé and was given the mandate to complete the construction and layout as well as to operate the aforesaid installations.

The Régie's revenue must primarily be used for its operations. Any excess funds are to be used for the repayment of loans, advances or other obligations of the Régie concerning the completion of the olympic installations. As soon as the above-mentioned loans and advances and other obligations are paid, the olympic installations will become the property of the City of Montréal.

2. Associated organization

The Special Olympic Fund was constituted by the Act to establish a Special Olympic Fund. This Fund was created to collect from the Minister of Revenue of Québec 17,974% of the special tax on tobacco, the proceeds from the sale of the fixed assets of the Régie's Construction Fund and formerly, the net receipts reserved for Québec from Loto-Canada.

Managed by the Minister of Finance of Québec, this Special Fund is to be used solely for the repayment of the Régie's loans and related interest and for the completion costs of the olympic installations.

3. Principal accounting policies

a) Expenses charged from the Revenue Fund to the Construction Fund

The Régie charges to the Construction Fund all direct and indirect administrative expenses related to the completion of the installations and to the settlement of preolympic files.

b) Taxes

-- Income taxes

Since the Régie is a mandatary corporation of the Gouvernement du Québec, it is not subject to income taxes.

-- Property taxes

The Régie is not subject to property taxes from the City of Montréal.

c) Claims

The Régie accounts for claims against third parties upon receipt of payment.

d) Inventories

Inventories are valued at lower of cost (average cost basis) and net realizable value.

e) Fixed assets and depreciation

Fixed assets acquired for operating purposes are accounted at cost and are depreciated over their estimated useful lives on the straight-line basis at the following annual rates:

Equipment and electrical appliances	20%
Outside electronic display boards	10%
Specific and leasehold improvements	Term of Régie's tenant's lease for leased spaces and 20% for others
Rolling stock	10% and 26,33%

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3. Principal accounting policies (cont'd)

f) Construction cost -- installations

Excluding the land on which the olympic installations are built and the cost of the installations of the Centre Paul-Sauvé, the cost includes construction, administrative and financing costs and all long-term debt issuance expenses incurred since the beginning. The cost of machinery and equipment used during the construction period has also been charged to the construction cost of the installations.

g) Sale of assets

When assets accounted for in the Construction Fund are sold, their costs and the corresponding contributions are not written off. However, the proceeds are remitted to the Special Olympic Fund in accordance with the Act governing this Fund.

h) Contributions received

The Régie's policy is not to charge to its operating revenue the depreciation of the construction cost of the Olympic Park and Olympic Village installations, which is reduced by contributions received.

The contributions include, in addition to direct contributions received from associated organizations, contributions received from the Special Olympic Fund for the repayment of debt and also for the completion costs not financed by long-term loans.

Contributions received exclude interest on long-term debt and on short-term loans and possible additional disbursements resulting from the fluctuation of foreign currency exchange rates at the time of the repayment of debt in foreign currency which are assumed directly by the Special Olympic Fund.

i) Foreign currency conversion

The long-term debt of the Construction Fund includes loans payable in US currency. These loans are translated into Canadian dollars at the exchange rate in effect at year-end. For subsequent years, the conversion gain or loss will increase or decrease the expenses to be assumed by the Special Olympic Fund.

j) Realized foreign exchange losses on foreign currency denominated long-term debt

Some of the construction fund's long-term debts repayable in U.S. currency are the result of a currency exchange agreement (Swap) as described in Note 11. Consequently, a foreign exchange loss is realized and is amortized over the debts' remaining term to maturity using the straight-line method.

k) Commitments payable

The Régie recognizes an expense upon the issuance of purchase orders.

4. Unusual items
(in thousands of dollars)

	1989	1988
Proceeds from claims		15
Major repair expenses	(534)	(164)
Fixed assets write-offs		(1 055)
	(534)	(1 204)

5. Gouvernement du Québec grant
(in thousands of dollars)

As financial assistance for the Régie used to cover the operating deficit, the Gouvernement du Québec grant was determined as follows:

	1989	1988
Total deficit for the year	5 115	5 024

The Treasury Board of the Gouvernement du Québec pays to the Régie a grant for financial assistance established as follows:

a) The Régie establishes its grant application upon presentation of the annual budget.

b) The Government pays 75% of the expected grant during the year.

c) Upon presentation of the Régie's financial statements, the Government pays the balance needed to compensate the operating deficit, up to the maximum provided in the budget.

d) If, in a year, the operating deficit should exceed the expected grant, the difference will be paid by the Government in the following year by increasing the following year's budget balancing grant accordingly.

e) If payment of the first 75% of the grant should result in a surplus, the Government will recover the surplus by reducing the following year's grant accordingly.

6. Fixed assets
(in thousands of dollars)

	1989			1988
	Cost	Accumulated depreciation	Net value	Net value
Equipment	6 345	5 469	876	886
Electrical appliances	1 342	1 301	41	16
Outside electronic display boards	1 239	795	444	568
Specific and leasehold improvements	12 250	8 253	3 997	4 559
Rolling stock	896	523	373	402
Projects in process	5 318		5 318	2 299
	27 390	16 341	11 049	8 728

7. Revenue Fund's long-term debt
(in thousands of dollars)

	1989	1988
Bonds, bearing interest at the rate of 11,10% repayable semi-annually, maturing on September 24, 1992	5 000	5 000

Bonds are secured by the Gouvernement du Québec.

NOTES TO FINANCIAL STATEMENTS (cont'd)
October 31, 1989

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8. Construction cost -- installations
(in thousands of dollars)

	1989	1988
Olympic Park		
Balance, beginning of year	1 105 991	1 099 602
Completion cost	19 628	6 372
Financial and long-term debt issuance expenses	14	17
Balance, end of year	1 125 633	1 105 991
Olympic Village		
Balance, beginning of year	100 373	100 193
Completion cost	348	180
Balance, end of year	100 721	100 373
	1 226 354	1 206 364

9. Contributions received
(in thousands of dollars)

	1989	1988
Special Olympic Fund	596 132	517 425
Comité organisateur des Jeux Olympiques	191 362	191 362
City of Montréal	70 649	70 649
	858 143	779 436

10. Expenses to be assumed by the Special Olympic Fund
(in thousands of dollars)

	1989	1988
Accrued interest on loans	11 820	13 603
Realized and unrealized foreign exchange losses on long-term debt	64 732	81 339
	76 552	94 942

11. Construction Fund's long-term debt

(in thousands of dollars)

	1989	1988
Bonds, bearing interest at annual bank prime rate less 5/8 of 1% payable semi-annually, maturing on July 10, 1990		25 000
Bonds, bearing interest at annual bank prime rate less 5/8 of 1% payable semi-annually, maturing on December 1, 1991	12 000	50 000
Promissory notes of $250 000 000 in US currency, bearing interest at the inter-bank rate for eurodollars on the London market, payable quarterly, maturing in November 1994	293 375	306 450
Bonds, bearing interest at the rate of 9,6% payable semi-annually, maturing on November 17, 1993 (a)	88 306	88 258
Promissory notes of $40 000 000 in US currency, bearing interest at the rate of 7,9866% payable annually, maturing on February 21, 1994 (b)	49 480	49 032
	443 161	518 740

All promissory notes and bonds are secured by the Gouvernement du Québec.

Long-term debt principal repayments to be made during the following years are as follows:

1990	
1991	
1992	$12 000 000
1993	
1994	$137 786 400

a) These bonds of an amount of $100 000 000 in Canadian currency are the object of a currency exchange agreement (Swap). At the time of the loan, the Régie and a bank agreed to exchange $100 000 000 in Canadian currency for $72 000 000 in US currency. This loan was principally used to refinance promissory notes of $70 000 000 in US currency.

Under the exchange agreement, the Régie pays semi-annually the accrued interest to the bank on the principal of $72 000 000 in US currency at the rate of 7,81% while the bank pays to the Régie the accrued interest at the rate of 9,6% on an amount of $100 000 000 in Canadian currency. Subsequently, the Régie pays interest to the bearer of the bonds in Canadian currency.

At the date of maturity of the exchange agreement and the loan, the Régie will repay the bank $72 000 000 in US currency while the bank will repay the Régie a sum of $100 000 000 in Canadian currency and the Régie will repay the bonds of $100 000 000 in Canadian currency.

On November 16, 1988, the above mentioned exchange agreement (Swap) was modified. The modification resulted into two new currency exchange agreements in which the Régie and two banks agreed to exchange $72 000 000 in US currency for $88 306 400 in Canadian currency.

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11. Construction Fund's long-term debt (cont'd)

Under these new exchange agreements, the Régie pays semi-annually the accrued interest to the banks on the principals of $38 998 400 and $49 308 000 in Canadian currency respectively, at the rates of 8,89% and 8,75% while the banks pay to the Régie the accrued interest at the rate of 7,81% on an amount of $72 000 000 in US currency.

At the date of maturity of the exchange agreements, the Régie will repay the banks $88 306 400 in Canadian currency while the banks will repay the Régie $72 000 000 in US currency.

b) These notes of an amount of $40 000 000 in US currency are the object of a currency exchange agreement (Swap). The Régie and a bank agreed to exchange $40 000 000 in US currency for $49 480 000 in Canadian currency.

Under the exchange agreement, the Régie pays annually the accrued interest to the bank on the principal of $49 480 000 in Canadian currency at the rate of 8,92% while the bank pays the Régie the accrued interest at the rate of 7,9866% on an amount of $40 000 000 in US currency. Subsequently, the Régie pays interest to the bearer of the notes in US currency.

At the date of maturity of the exchange agreement and the loan, the Régie will repay the bank $49 480 000 in Canadian currency while the bank will repay the Régie $40 000 000 in US currency and the Régie will repay the $40 000 000 notes in US currency.

12. Contingent liabilities

Lawsuits and claims have been initiated by or against the Régie. As at October 31, 1989, unsettled lawsuits and claims pending against the Régie total approximately $7 400 000 ($7 000 000 in 1988).

Based on an analysis, the current provision shown in the accounts and commitments payable of the Revenue Fund and Construction Fund for amounts of $100 000 and $1 000 000 respectively is considered sufficient for all the files. Any differences between the amount paid and the provision will be charged to income or the cost of the olympic installations as the case may be.

During the year, the Régie received claims totalling $42 500 000 related to the completion of the olympic installations. Pursuant to an Order in Council, this lawsuit will be submitted to an arbitrage, under the aegis of the Québec National and International Arbitration Center.

During the year ended October 31, 1987, a decision in favor of the Régie not involving any disbursement was rendered with respect to a lawsuit totalling $24 000 000. However, the plaintiff has begun evocation procedures against this decision.

13. Changes in financial position

The statement of changes in financial position for the Revenue Fund has not been prepared since it would bring no significant information for a better understanding of the financial statements.

AUDITOR'S REPORT

To the Minister responsible for the
Régie des installations olympiques

We have examined the balance sheets of the Revenue Fund and the Construction Fund of the Régie des installations olympiques as at October 31, 1989 and the statements of income of the Revenue Fund and changes in financial position of the Construction Fund for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Régie des installations olympiques as at October 31, 1989 and the results of the operations and the changes in the financial position of the Construction Fund for the year then ended in accordance with generally accepted accounting principles described in Note 3, applied on a basis consistent with that of the preceding year.

Mallette, Benoit, Boulanger, Rondeau & Associés
Chartered Accountants

Montréal, January 19, 1990

RÉGIE DES RENTES DU QUÉBEC
R.S.Q., c. R-9, R-17 and A-17
S.Q., 1988, c. 38

CHANGES IN THE QUÉBEC PENSION PLAN ACCOUNT
for the year ended March 31, 1990
(in thousands of dollars)

	1990	1989
REVENUE		
Contributions to the Plan	2 179 289	1 938 526
Investment income -- net (Note 4)	1 500 286	1 174 796
Other revenue	305	70
	3 679 880	3 113 392
BENEFITS PAID TO PARTICIPANTS		
Retirement pensions	1 886 811	1 679 590
Surviving spouses' pensions	669 769	613 052
Orphans' pensions	13 452	13 767
Disability pensions	328 255	311 525
Pensions to disabled contributors' children	5 063	5 099
Death benefits	52 439	46 986
	2 955 789	2 670 019
REPAYMENT OF SOCIAL AID BENEFITS TO THE MINISTÈRE DE LA MAIN-D'OEUVRE, DE LA SÉCURITÉ DU REVENU ET DE LA FORMATION PROFESSIONNELLE	7 482	7 669
	2 963 271	2 677 688
ADMINISTRATIVE EXPENSES (Note 5)	68 232	66 421
	3 031 503	2 744 109
INCREASE FOR THE FISCAL YEAR	648 377	369 283
OPENING ACCOUNT BALANCE	13 446 663	13 077 380
CLOSING ACCOUNT BALANCE	14 095 040	13 446 663

ADMINISTRATION OF INCOME SECURITY PROGRAMS
for the year ended March 31, 1990
(in thousands of dollars)

	1990	1989
ADMINISTRATION OF COMPLEMENTARY PENSION PLANS		
Registration fee income	1 407	1 388
Administrative expenses (Note 5)	3 531	3 133
Expenditure in excess of revenue assumed by the Gouvernement du Québec	2 124	1 745
ADMINISTRATION OF QUÉBEC FAMILY ALLOWANCES		
Administrative expenses assumed by the Gouvernement du Québec (Note 5)	7 635	6 285

QUÉBEC PENSION PLAN ACCOUNT
as at March 31, 1990
(in thousands of dollars)

	1990	1989
ASSETS		
Deposits in the general fund of the Caisse de dépôt et placement du Québec		
Term deposits	25 000	25 000
Participation deposits (Note 6)	13 971 409	13 365 504
Revenue receivable	118 547	98 911
	14 114 956	13 489 415
Contributions receivable from the Ministère du Revenu	11 784	
Accounts receivable	4 895	3 776
Fixed assets (Note 7)	3 680	4 018
Development of data processing systems (Note 8)	4 300	5 080
	14 139 615	13 502 289
LIABILITIES		
Outstanding cheques less cash	31 969	30 303
Bank loan	2 306	
Contributions payable to the Ministère du Revenu		9 576
Advances from the Caisse de dépôt et placement du Québec		2 000
Accounts payable	10 300	13 747
	44 575	55 626
ACCOUNT BALANCE (Note 9)	14 095 040	13 446 663

On behalf of the Board of Directors,

Claude Legault
Stephen Jarislowsky

NOTES TO FINANCIAL STATEMENTS
March 31, 1990

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1. Constitution and mandate

The Régie was incorporated in July 1965 by the Act respecting the Québec Pension Plan (R.S.Q., c. R-9 and amendments).

The Régie administers the Act respecting the Québec Pension Plan, the Supplemental Pension Plans Act (S.Q. 1989, c. 38) and the Act respecting supplemental pension plans (R.S.Q., c. R-17 and amendments). It equally assumes administrative responsibility for the Family Allowances Act (R.S.Q., c. A-17 and amendments).

The Supplemental Pension Plans Act, which came into force January 1, 1990, replaces the Act respecting supplemental pension plans, except for certain provisions which remain in force until the date determined by the Gouvernement du Québec.

Pursuant to the Supplemental Pension Plans Act and the Act respecting supplemental pension plans, the Régie has the responsibility of ascertaining that the administration and operation of the pension plans comply with these Acts. Its mandate includes promotion of retirement financial planning, especially by encouraging the establishment and improvement of supplemental pension plans.

Under the Family Allowances Act, the Régie is responsible for administering the program designed to compensate for part of a family's expenses through the payment of allowances.

2. Description of the pension plan

The Québec Pension Plan is a compulsory plan ensuring to employees and their dependents a basic protection against loss of revenue resulting from retirement, disability or death.

Contributions to the Plan are shared equally between employees and employers since its inception on January 1, 1966. The annual contribution rates (employers and employees), for years 1966 through 1991 are mentioned in Note 9.

3. Accounting policies

The Régie's financial statements have been prepared by management in accordance with the accounting policies as disclosed hereunder. These statements include amounts based on best estimates and judgment.

Deposits with the general fund of the Caisse de dépôt et placement du Québec

Participation deposits are recorded at cost.

Earnings from participation deposits, including gains or losses on disposal of investments, are recorded when earned.

Fixed assets

Fixed assets are shown at cost and depreciated over their estimated service life by the straight-line method at the following rates:

Communications equipment	25%
Office furniture and equipment	20%
Data processing hardware and software	20%
Computer	33 1/3%
Office automation equipment	33 1/3%
Vehicles	33 1/3%

Leasehold improvements are depreciated over the remaining term of the lease.

Development of data processing systems

Systems development costs are capitalized and amortized by the straight-line method at the rate of 20%.

3. Accounting policies (cont'd)

Contributions to the Plan

Revenue from contributions to the Plan is composed of contributions, penalties and interest allocated during the year to the Régie by the Ministère du Revenu.

Such revenue is allocated to the Régie by the Ministère on a provisional basis and is subject to audit and correction. Any such correction is recorded as Plan contribution revenue for the year in which it is determined.

Pensions and benefits

Pensions and benefits are recorded upon payment.

Administrative expenses

Administrative expenses are recorded on the accrual basis.

Registration fees -- Supplemental pension plans

Revenue from fees and penalties is recorded when collected.

4. Investment earnings -- net

	1990	1989
Caisse de dépôt et placement du Québec		
Participation deposits		
Investment earnings	$1 221 463 471	$1 173 281 700
Gains and losses on the sale of investments	260 576 347	(4 680 107)
	1 482 039 818	1 168 601 593
Demand deposits	17 584 189	5 773 597
Term deposits	432 890	1 642 377
	1 500 056 897	1 176 017 567
Interest on bank deposits	244 970	208 048
Interest on bank loan	(8 979)	(196 305)
Interest on advances from the Caisse de dépôt et placement du Québec	(6 668)	(1 233 415)
	$1 500 286 220	$1 174 795 895

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990

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5. Administrative expenses

	1990	1989
Salaries and wages	$30 701 050	$28 981 664
Transportation and communications	8 357 947	8 047 060
Professional services	3 260 117	3 184 481
Maintenance and repairs	764 453	724 309
Rent	4 898 491	3 896 918
Supplies	1 000 249	1 045 671
Machinery and equipment	148 782	104 057
Bank charges	299 924	330 660
Other expenses	101 699	139 162
Charges for collection of contributions by the Ministère du Revenu	25 113 543	24 376 200
Bad debts	224 046	213 642
Depreciation on fixed assets and amortization of data processing systems development costs	4 528 385	4 794 917
	79 398 686	75 838 741
Less: Expenses assigned to the administration of income security programs		
Supplemental pension plans	3 531 343	3 133 137
Family allowances	7 635 310	6 284 668
	11 166 653	9 417 805
Administrative expenses of the Québec Pension Plan	$68 232 033	$66 420 936

6. Participation deposits

Participation deposits in the general fund of the Caisse de dépôt et placement du Québec are expressed in units and each unit entitles the holder to a proportionate share in the general fund's equity and net revenue. Those units may be redeemed on advance notice, in accordance with Caisse de dépôt regulations, at the realizable value of the general fund's equity at the end of each month.

	1990	1989
Number of units	17 786 501	17 076 612
Cost of units	$13 971 409 618	$13 365 504 392
Unit realizable value	$803,61	$827,97
Realizable value of units	$14 293 410 068	$14 138 922 438
Percentage of units held in the general fund	75,0%	75,8%

7. Fixed assets

	1990			1989
	Cost	Accumulated depreciation	Net	Net
Communication equipment	$292 220	$279 869	$12 351	$16 332
Office furniture and equipment	2 049 904	1 288 194	761 710	895 400
Data processing hardware and software	5 173 936	3 398 329	1 775 607	1 751 584
Office automation equipment	2 960 402	2 456 064	504 338	816 920
Leasehold improvements	1 507 311	884 889	622 422	528 844
Vehicles	54 476	51 002	3 474	8 840
	$12 038 249	$8 358 347	$3 679 902	$4 017 920

8. Development data processing systems

	1990			1989
	Cost	Accumulated amortization	Net	Net
Development of data processing systems	$11 972 886	$7 672 200	$ 4 300 686	$5 080 469

9. Québec Pension Plan account balance

The balance of the Québec Pension Plan account represents the funds available at March 31, 1990 to pay pensions and benefits and repay social aid benefits to the Ministère de la Main-d'oeuvre, de la Sécurité du revenu et de la Formation professionnelle. It does not cover the present value of the Plan's accumulated obligations at March 31, 1990.

Between 1966 and 1986, the contribution rate was set à 3,6% of assessed earnings. It rose to 3,8% in 1987, to 4,0% in 1988, to 4,2% in 1989 and then to 4,4% in 1990. These rates have been more than sufficient to cover benefits paid and administrative expenses during the Plan's existence, and have led to a Plan account equity of $14,1 billion at March 31, 1990.

The current provisions of the Act respecting the Québec Pension Plan stipulate that the premium rate in 1991 will be 4,6%. According to the most recent actuarial analysis at December 31, 1988, by maintaining an annual increase of 0,2% in the contribution rate after 1991, until it reaches 13,2%, the balance of the Plan will remain sufficient to pay the benefits.

Pursuant to the Act respecting the Québec Pension Plan, this actuarial analysis as at December 31, 1988 was tabled in the National Assembly on June 16, 1989. It will be used by Parliament to fix contribution rates applicable for 1992 and thereafter.

However, should the contribution rate remain constant at 4,6% after 1991, liquidation of the accumulated funds would have to begin in 1996, leading to their exhaustion in 2005.

10. Pension plans

Régie employees participate in the Government and Public Employees Retirement Plan and the Civil Service Superannuation Plan. Since July 1, 1982, the cost of these plans is shared equally between employees and employers. However, for the Civil Service Superannuation Plan, the employers assume, since January 1, 1990, the difference between the cost of the Plan and the premiums paid by employees. These are benefit based plans and guarantee pension and death benefits. Régie contributions charged to operations for the year total $1 035 046 (1989: $953 073) for the Government and Public Employees Retirement Plan and $321 435 (1989: $318 256) for the Civil Service Superannuation Plan. The Régie's obligations toward these Goverrment plans are limited to its contributions for current service as an employer.

AUDITOR'S REPORT

I have examined the Québec pension plan account as at March 31, 1990 as well as its statement of changes and the statement of administration of income security programs for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the account balance of the Québec pension plan as at March 31, 1990 and its operations and changes as well as the administration operations of certain income security programs for the year then ended in accordance with the accounting policies disclosed in Note 3 applied on a basis consistent with that of the preceding year.

The Auditor General of Québec,
Rhéal Chatelain, F.C.A.

Québec, May 14, 1990

SIDBEC
R.S.Q., c. S-14

CONSOLIDATED STATEMENT OF OPERATIONS
for the year ended December 31
(in thousands of dollars)

	1989	1988
NET SALES	651 959	646 419
EXPENDITURE		
Cost of goods, excluding any depreciation	550 340	530 707
Selling and administrative expenses	17 412	15 579
Interest on long-term liabilities (Notes 8 ,9 and 10)	10 403	19 001
Other interest	5 778	6 970
Depreciation on fixed assets	28 194	28 202
	612 127	600 459
	39 832	45 960
Share of net (loss) profit of a limited partnership	(85)	381
NET PROFIT OF ONGOING ACTIVITIES SECTOR BEFORE THE FOLLOWING ITEMS:	39 747	46 341
Profit-sharing plan (Note 7)	2 800	3 700
NET PROFIT OF ONGOING ACTIVITIES SECTOR BEFORE INCOME TAXES AND EXTRAORDINARY ITEM	36 947	42 641
Income taxes (Note 13)	1 441	1 663
NET PROFIT BEFORE EXTRAORDINARY ITEM	35 506	40 978
Extraordinary item (Note 13)	1 441	1 663
NET PROFIT OF THE ONGOING ACTIVITIES SECTOR	36 947	42 641
TERMINATED ACTIVITIES SECTOR		
(Loss) Profit	(234)	313
Share of net profit of the joint venture	605	267
NET PROFIT OF TERMINATED ACTIVITIES SECTOR	371	580
NET PROFIT	37 318	43 221

CONSOLIDATED STATEMENT OF CONTRIBUTED SURPLUS
for the year ended December 31
(in thousands of dollars)

	1989	1988
OPENING BALANCE		
Contribution by the Gouvernement du Québec for terminated mining activities	45 572	21 175
	45 572	21 175
Transfer to the deficit (Note 12)	(45 572)	(21 175)
CLOSING BALANCE		

CONSOLIDATED STATEMENT OF DEFICIT OF ONGOING ACTIVITIES SECTOR
for the year ended December 31
(in thousands of dollars)

	1989	1988
OPENING BALANCE	231 738	274 379
Net profit	36 947	42 641
CLOSING BALANCE	194 791	231 738

CONSOLIDATED STATEMENT OF DEFICIT OF TERMINATED ACTIVITIES SECTOR
for the year ended December 31
(in thousands of dollars)

	1989	1988
OPENING BALANCE	464 595	486 350
Transfer from contributed surplus (Note 12)	(45 572)	(21 175)
	419 023	465 175
NET PROFIT	(371)	(580)
CLOSING BALANCE	418 652	464 595

SIDBEC

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION (Note 14)
for the year ended December 31
(in thousands of dollars)

	1989	1988
OPERATING ACTIVITIES		
Profit before extraordinary item	35 506	40 978
Items not affecting liquid assets:		
Depreciation on fixed assets	28 194	28 202
Loss (Gain) on disposal of fixed assets	353	(450)
Share of net loss (profit) of a limited partnership	85	(381)
Net change in working capital items	(1 222)	(24 395)
Extraordinary item	1 441	1 663
	64 357	45 617
FINANCING ACTIVITIES		
Long-term debt		7 325
Owed to the shareholder		(72 705)
Payments on long-term liabilities	(11 007)	(10 020)
Changes in other assets	(165)	(478)
Capital stock issue		81 560
	(11 172)	5 682
INVESTMENT ACTIVITIES		
Investment in limited partnerships	(2 179)	492
Acquisition of fixed assets	(33 179)	(24 916)
Proceeds of the disposal of fixed assets	281	965
Changes in other assets	744	(59)
	(34 333)	(23 518)
DECREASE IN OVERDRAFT AND BANK LOANS	(18 852)	(27 781)
OVERDRAFT AND BANK LOANS AT THE BEGINNING	38 582	66 363
OVERDRAFT AND BANK LOANS AT THE END	19 730	38 582

SIDBEC

CONSOLIDATED BALANCE SHEET
as at December 31
(in thousands of dollars)

	1989	1988
ASSETS		
CURRENT ASSETS		
Accounts receivable (Note 6)	67 025	68 161
Inventory (Notes 1 and 6)	177 478	176 149
Prepaid expenses	298	242
	244 801	244 552
SUBSIDIES RECEIVABLE (Note 2)	7 288	11 019
INVESTMENTS		
Joint venture (Note 3)	11 588	10 983
Limited partnership (Note 4)	4 260	2 166
	15 848	13 149
FIXED ASSETS (Notes 5 and 8)		
Cost	607 168	575 765
Accumulated depreciation	339 950	312 898
	267 218	262 867
OTHER ASSETS	1 989	2 799
	537 144	534 386

On behalf of the Board of Directors,

John LeBoutillier
Robert Desprès

	1989	1988
LIABILITIES		
CURRENT LIABILITIES		
Overdraft and bank loans (Note 6)	19 730	38 582
Accounts payable and accrued expenses	86 336	84 677
Profit-sharing plan (Note 7)	2 800	3 700
Owed to the joint venture	800	454
Instalments on the long-term debt and on the debt guaranteed by the shareholder (Notes 8 and 9)	11 043	10 887
	120 709	138 300
LONG-TERM DEBT (Note 8)	28 775	30 688
DEBT GUARANTEED BY THE SHAREHOLDER (Note 9)	352 907	281 104
OWED TO THE SHAREHOLDER (Note 10)		132 266
OTHER LIABILITIES	2 302	2 467
SHAREHOLDER'S EQUITY		
Capital stock (Note 11)	645 894	645 894
Deficit of the ongoing activities sector	(194 791)	(231 738)
	451 103	414 156
Deficit of the terminated activities sector (Note 12)	(418 652)	(464 595)
	32 451	(50 439)
	537 144	534 386

NOTES TO FINANCIAL STATEMENTS
December 31, 1989

Legal status and scope of activity

The Company is incorporated under the Québec Companies Act and certain aspects of its operations are governed by a special Act of the Province de Québec. Sidbec operates steel-making facilities.

Accounting policies

Consolidation principle

The consolidated financial statements include the company's accounts and those of its wholly-owned subsidiary.

Inventory

Semi-processed and finished goods are valued at the lower of cost and net realizable value. Cost is determined by the average cost method.

Raw materials are valued at the lower of cost, replacement cost, and net realizable value. Cost is determined by the FIFO method.

Supplies are valued at the lower of cost and replacement cost. Cost is determined by the average cost method.

Investments

Investments are recorded at equity value.

Fixed assets

Fixed assets are shown at original cost and depreciated over their estimated service life by the straight-line method, at the following annual rates:

Site development	4%
Buildings	2½% to 10%
Equipment and machinery	4% to 20%
Automotive equipment	4% to 25%
Furniture and fixtures	7% to 20%
Other	5% to 8%

Pension plans

The costs of pension plans are determined periodically by independent actuaries. Pension costs, determined in accordance with assumptions issued by management, are charged yearly to operations and include the following items:

-- the cost of pension benefits granted in exchange for services rendered during the year, prorated on services; and

-- the amortization, using the annuity method over the estimated average length of the rest of an employee's active career, a) of adjustments resulting from changes to plans and assumptions, b) of actuarial gains and losses and c) of the deficit of benefit based plans upon adoption of new recommendations by the Canadian Institute of Chartered Accountants.

The cumulative spread between the amounts entered as pension costs and contributions paid into the pension fund is shown under "Other assets" in the balance sheet.

Translation of foreign currency

Monetary assets and liabilities in foreign currency are translated at rates of exchange in effect on the date of the balance sheet. Other assets and liabilities as well as revenue and expenditure are translated at the rates in effect on the transaction dates. Gains and losses are included in the operating results except for those related to the long-term debt, which are deferred.

NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31, 1989

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1. Inventory
(in thousands of dollars)

	1989	1988
Semi-processed and finished goods	111 262	107 211
Raw materials and supplies	66 216	68 938
	177 478	176 149

2. Subsidies receivable
(in thousands of dollars)

Management considers that the Gouvernement du Québec has agreed to assume the financial expenses incurred for its terminated activities sector. The Minister of Industry, Trade and Technology has confirmed that he will submit requests for the relevant budgetary appropriations to the Conseil du trésor.

This amount of Government assistance has been shown as a deduction from interest expense relating to the terminated activities sector. The Gouvernement du Québec will pay the subsidy when the company pays for these financial expenses.

Should the Government decide to pay a lessor amount, the reduction in the subsidy would be charged to the results of the terminated activities sector for the then current year.

Subsidies receivable cover the following items:

	1989	1988
Interest	18 657	20 083
Deferred issuance expenses	506	506
Deferred exchange gains	(11 875)	(9 570)
	7 288	11 019

3. Investment in a joint venture

Legal status and scope of activity

The joint venture, Normines Inc., is incorporated under the Québec Companies Act. Its shareholders are Sidbec (50,1% holding), British Steel Corporation and La Compagnie Minière Québec Cartier (CMQC).

Under the terms of an agreement dated October 1984, the joint venture's mining activities terminated in December 1984. It also closed its mining facilities and leased its facilities in Port-Cartier to CMQC for a period of 15 years.

CMQC has the right to cancel the lease after the first five years, following a 12-month advance notice.

NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31, 1989

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3. Investment in a joint venture (cont'd)
(in thousands of dollars)

The balance sheet of the joint venture appears below:

BALANCE SHEET
as at December 31, 1989
(in thousands of dollars)

	Total	Company's share	
	1989	1989	1988
Assets			
Current assets	4 728	2 369	2 246
Other items	20 593	10 317	10 270
	25 321	12 686	12 516
Liabilities and capital used in the company			
Current liabilities	2 190	1 098	1 533
Capital used in the company	23 131	11 588	10 983
	25 321	12 686	12 516

Commitments

The shareholders have agreed to pay or reimburse the joint venture for certain residual costs and for the eventual costs of a permanent shutdown of the pellet plant, including principal and interest payable on bonds.

Contingent liabilities

During the year, the Company received assessments for years 1984 to 1988 inclusive concerning tax on capital, amounting to $6 707 960.

The company has contested these assessments; consequently, no provision has been recorded for that matter.

During the year, however, the company had to make a deposit of $2 326 588 regarding year 1984. For years 1985 to 1987, the company issued a letter of guarantee in favor of the Ministère du Revenu du Québec for $8 100 000, which amount covers those three (3) years and accrued interest for the coming year.

Any disbursement relative to those assessments will be recorded as an adjustment to previous years.

4. Investments in limited partnerships

The company has a 50% share in Sorevco, a limited partnership whose purpose is to operate a galvanizing plant, presently under construction. The other partner is Dofasco Inc. In addition, the company has a 40% share in Tubes Delta, a limited partnership operating a contract lamination plant. The other partner is Acier Nova Ltée.

NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31, 1989

5. Fixed assets

(in thousands of dollars)

	1989		1988	
	Cost	Depreciated cost	Cost	Depreciated cost
Land	6 252	6 252	6 252	6 252
Site development	9 585	3 379	9 376	3 508
Buildings	102 979	35 463	100 878	37 970
Equipment and machinery	396 992	157 594	378 583	156 683
Automotive equipment	5 333	1 827	6 102	2 214
Furniture and fixtures	12 001	5 198	9 875	4 624
Other	11 681	2 174	10 877	2 127
Construction in progress	23 734	23 734	16 684	16 684
	568 557	235 621	538 627	230 062
Machinery and equipment under capital leases	38 611	31 597	37 138	32 805
	607 168	267 218	575 765	262 867

6. Overdraft and bank loans

The overdraft and the bank loans are secured by accounts receivable and inventory.

7. Profit-sharing plan

A profit-sharing plan has been introduced for the period from January 1, 1988 to December 31, 1990. During any calendar year, if Sidbec-Dosco Inc.'s net profit as determined under the plan reaches $12 500 000, a lump sum up to $500 could be paid to any employee having worked for the required number of hours. If the net profit exceeds $12 500 000, the sharing benefit is increased by another lump sum determined as follows: the portion of the net profit exceeding $12 500 000 is first multiplied by 6%; the result is divided by the total salaries for the year and multiplied by the salary earned by each employee during that year.

8. Long-term debt

(in thousands of dollars)

	1989	1988
Subsidiary -- Sidbec-Dosco Inc.:		
Commitments relating to property rented under capital leases, payable in monthly instalments, maturing in year 2000 and secured by a first mortgage of $15 000 000 on the Longueuil plant and of $4 000 000 on the ladle furnace of the hot mill in Contrecoeur	30 568	32 325
Short-term instalments	1 793	1 637
	28 775	30 688

NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31, 1989

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8. Long-term debt (cont'd)
(in thousands of dollars)

The minimum rent payable under capital leases will be:

1990	4 395
1991	4 395
1992	4 395
1993	4 395
1994	4 395
1995 to 2000	24 121
Total of minimum future rent	46 096
Interest, at the implicit average rate of 8,74%, and taxes included in minimum future rent	15 528
	30 568

Interest is $2 733 000 ($2 112 000 in 1988).

9. Debt secured by the shareholder
(in thousands of dollars)

	1989	1988
The Gouvernement du Québec has guaranteed the repayment of principal and interest on the following debts:		
Sinking fund debentures held by the Caisse de dépôt et placement du Québec:		
9 1/4%, series "A", maturing December 15, 1990	7 250	7 500
8 3/4%, series "B", maturing June 15, 1991	7 500	7 750
9%, series "C", maturing September 1, 1991	7 500	7 750
10 3/4%, series "D", maturing October 1, 1989		5 000
10 1/4%, series "E", maturing May 15, 1995	22 000	24 000
10 3/4%, series "F", maturing February 16, 1996	26 500	28 000
Bank term loan, at the prime rate, payable in instalments of $20 000 000 on April 26 of each year until 1993 inclusive	80 000	100 000
Loan of 6 000 000 000 yens, line of credit in favor of Sidbec related to a swap contract on interest rates and currency. The borrowing bears interest at 11,726% S.A., payable on October 1 and April 1 of each year, and matures April 1, 1992	55 815	
Loan of 5 000 000 000 yens, two lines of credit in favor of Sidbec related to two swap contracts on interest rates and currency. The borrowing bears interest at 10,99% S.A., payable on August 28 and February 28 of each year, and matures February 28, 1992	45 742	
Discounted bonds:		
At the rate of 7,6%, maturing November 1, 1995, par value of $97 893 250 (US$84 500 000), discounted at 11,042%	83 876	84 654
At the rate of 8,82%, maturing August 30, 1997, par value of $29 411 765, discounted at 11,15%	25 974	25 700
	362 157	290 354
Short-term instalments	9 250	9 250
	352 907	281 104

9. **Debt secured by the shareholder** (cont'd)
(in thousands of dollars)

The current instalment on the bank term loan is not shown under current liabilities because the company does not expect to repay this loan out of its working capital.

Payments on sinking fund debentures over the next five years, based on maturities and sinking fund requirements, are as follows:

1990	9 250
1991	14 500
1992	9 000
1993	9 000
1994	9 000

During the year, the Gouvernement du Québec has reimbursed $35 341 000 ($37 005 000 in 1988) for interest on the long-term debt of the terminated activities sector. Interest on the ongoing activities sector debt is $7 670 000 ($8 635 000 in 1988).

10. **Owed to the shareholder**
(in thousands of dollars)

	1989	1988
Owed to the shareholder, at the bank prime rate	-	132 266

Interest was $8 254 000 in 1988.

11. **Capital stock**
(in thousands of dollars)

Authorized:
80 000 000 common shares, of a $10 par value each

	1989	1988
Issued and paid: 64 589 398 common shares	645 894	645 894

12. **Transfer from contributed surplus to deficit**

In accordance with Directors' resolutions, ratified by the shareholder, the deficit of the terminated activities sector was reduced by $20 000 000 in 1987, by $21 175 000 in 1988 and by $45 572 000 during the year through transfer from contributed surplus.

13. **Income taxes**

The subsidiary is exempt from both federal and Québec income taxes. However, the subsidiary is subject to income tax in Ontario.

The spread between the depreciation expense and the capital cost allowance amounts to $358 000 000 ($404 000 000 in 1988) for which the subsidiary has not recorded the deferred tax debits.

During the year, the subsidiary recovered income taxes and, in 1988, the tax shield from the recovery of previous years' losses.

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14. Changes in consolidated financial position
(in thousands of dollars)

The statement of changes in financial position includes changes in the ongoing activities sector and, consequently, excludes changes in the terminated activities sector, which are as follows:

	1989	1988
Operating activities		
Net profit	371	580
Items not affecting cash:		
Share in net profit of joint venture	(605)	(267)
Net change in working capital items	2 144	(251)
	1 910	62
Financing activities		
Subsidies receivable	3 731	40 437
Debt guaranteed by the shareholder	101 053	(173 940)
Owed to the shareholder	(132 266)	132 266
Payment on long-term debt	(20 000)	(20 000)
Contributed surplus	45 572	21 175
	(1 910)	(62)

15. Pension plans
(in thousands of dollars)

An actuarial valuation was performed to determine the present value of constituted pension benefits. As at December 31, 1989, the pension plans recorded the following deficit:

	1989	1988
Pension fund assets	107 938	102 288
Present value of constituted pension benefits	(139 848)	(133 773)
Deficit	31 910	31 485

For the year ended December 31, 1989, pension costs total $7 181 900 ($6 680 500 in 1988).

AUDITORS' REPORT

To the shareholder
Sidbec

We have examined the consolidated balance sheet of Sidbec as at December 31, 1989 as well as the consolidated statements of operations, contributed surplus, deficit of the ongoing and terminated activities sectors and changes in financial position for the year then ended. We obtained all the information and explanations requested. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, based on the information and explanations provided and as shown in the company's books, these consolidated financial statements present fairly the financial position of the Company as at December 31, 1989, as well as the results of its operations and the changes in its financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Raymond, Chabot, Martin, Paré
Chartered Accountants

Montréal, January 24, 1990

SOCIÉTÉ D'AMÉNAGEMENT DE L'OUTAOUAIS
R.S.Q., c. C-37.1
GENERAL FUND

REVENUE AND EXPENDITURE
for the year ended March 31, 1990

	1990	1989
REVENUE		
Subsidy from the Ministère des Affaires municipales	$2 974 400	$2 550 000
Gatineau airport	289 484	259 054
Rental of properties	98 272	122 232
Land sales and rentals	258 127	383 822
Sale of tourist and recreational facilities (Note 4)	3	2
Sale of land in the Parc technologique des Hautes Plaines	362 690	1 260 000
Interest	193 349	130 131
Sale of vehicles and equipment		4 402
Insurance benefits		25 490
Participation in regional activities		24 738
Other revenue	508	2 584
Cancellation of commitments from previous years	25 214	6 529
	4 202 047	4 768 984
EXPENDITURE		
Salaries and wages	1 476 966	1 431 200
Transport and communications	380 590	367 814
Professional and administrative services	264 107	350 943
Maintenance and repairs	14 795	25 300
Bad debts (recovered)	284	(4 000)
Rental charges	140 116	117 889
Supplies	27 531	42 657
Capital expenditure from revenue:		
Administration	379 334	480 630
Expropriation indemnities	3 852	21 315
Provision for future local improvement taxes	51 617	35 285
Provision for acquisition and development of industrial land	50 517	106 523
Remittance to the Ville de Hull of the proceeds of the sale of land in the Parc technologique des Hautes Plaines	362 690	1 260 000
Tourist and recreational centres		218 709
Gatineau airport	652 206	803 682
Rented properties	76 189	109 225
	3 880 774	5 367 172
EXCESS OF REVENUE OVER EXPENDITURE (EXPENDITURE OVER REVENUE)	$321 273	($598 188)

DEFICIT
for the year ended March 31, 1990

	1990	1989
Surplus (Deficit) at the beginning	($329 697)	$268 491
Excess of revenue over expenditure (expenditure over revenue)	321 273	(598 188)
Deficit at the end	($8 424)	($329 697)

SOCIÉTÉ D'AMÉNAGEMENT DE L'OUTAOUAIS

GENERAL FUND

BALANCE SHEET
as at March 31, 1990

	1990	1989
ASSETS		
Cash	$136 329	$44 622
Term deposit	692 055	400 000
Accounts receivable (Note 5)	46 379	57 776
Inventory	63 894	30 585
Prepaid expenses	116 189	142 862
Advance to the capital assets fund	7 745	9 225
Funds set aside for expropriation indemnities	137 614	259 771
Mortgage receivable (Note 6)	54 970	54 970
	$1 255 175	$999 811
LIABILITIES AND DEFICIT		
Accounts payable and accrued expenses	$82 574	$141 762
Accrued sick leave and holiday pay	109 853	100 500
Employer contributions payable to the employees' pension plan (Note 7)	313 445	242 363
Commitments	360 464	331 629
Expropriation indemnities payable	83 401	219 024
Deposits on sale of land	75 829	104 325
Provision for future local improvement taxes (Note 8)	79 222	81 609
Provision for acquisition and development of land (Note 9)	158 811	108 296
	1 263 599	1 329 508
DEFICIT	(8 424)	(329 697)
	$1 255 175	$999 811

On behalf of the Board of Directors,

Jean-Marie Séguin, Chairman and Chief Executive Officer
Guy Gagnon, General Secretary

SOCIÉTÉ D'AMÉNAGEMENT DE L'OUTAOUAIS

FIXED ASSETS FUND

PERMANENT CAPITAL
for the year ended March 31, 1990

	1990	1989
		(restated)
OPENING BALANCE, PREVIOUSLY STATED	$33 633 376	$48 322 981
Adjustment to the preceding year (note 10)	(562 220)	
ADJUSTED BALANCE	33 071 156	48 322 981
Add:		
Subsidy from the Office de planification et de développement du Québec		132 008
Capital expenditure from revenue		
Expropriation indemnities	3 852	21 315
Administration	379 558	445 438
Tourist and recreational centres		3 735
Purchase of land in the Mini-parc urbain de Hull		35 192
	383 410	637 688
	33 454 566	48 960 669
Less:		
Cost of land sold	139 381	152 962
Cost of tourist and recreational facilities sold	4 278 624	15 661 276
Cost of other fixed assets sold	11 177	
Cost of the land in the Mini-parc urbain de Hull exchanged for the acquired land		40 205
Cost and insurance benefits on other assets sold or destroyed		35 070
	4 429 182	15 889 513
CLOSING BALANCE	$29 025 384	$33 071 156

SOCIÉTÉ D'AMÉNAGEMENT DE L'OUTAOUAIS

FIXED ASSETS FUND

BALANCE SHEET
as at March 31, 1990

	1990	1989
		(restated)
ASSETS		
Fixed assets, at cost (Note 11)	$31 880 488	$35 794 893
Deposit for buying back land	9 500	12 000
	$31 889 988	$35 806 893
LIABILITIES AND PERMANENT CAPITAL		
Owed to the general fund	$7 745	$9 225
Owed to the Ville de Hull concerning the Parc technologique des Hautes Plaines (Note 12)		
First mortgage loan	2 654 537	358 210
Owed	1 754	2 368 302
Owed to the Ville de Maniwaki concerning the Parc industriel de Maniwaki (Note 13)	200 568	
	2 864 604	2 735 737
Permanent capital	29 025 384	33 071 156
	$31 889 988	$35 806 893

On behalf of the Board of Directors,

Jean-Marie Séguin, Chairman and Chief Executive Officer
Guy Gagnon, General Secretary

SOCIÉTÉ D'AMÉNAGEMENT DE L'OUTAOUAIS

ADDITIONAL INFORMATION
for the year ended March 31, 1990

	1990	1989
RESULTS		
TOURIST AND RECREATIONAL CENTRES		
Expenditure		
Salaries and wages		$78 783
Transport and communications		1 087
Professional and administrative services		101 921
Maintenance and repairs		5 296
Supplies		27 887
Fixed assets from revenue		3 735
		$218 709
GATINEAU AIRPORT		
Expenditure		
Salaries and wages	$160 752	$194 164
Transport and communications	3 046	7 007
Professional and administrative services	83 469	130 532
Maintenance and repairs	164 826	233 805
Rent	965	2 842
Supplies	238 924	235 332
Fixed assets from revenue	224	
	652 206	803 682
Revenue	289 484	259 054
Excess of expenditure over revenue	$362 722	$544 628
RENTED PROPERTY		
Expenditure		
Professional and administrative services	$50 034	$84 227
Maintenance and repairs	21 816	23 748
Supplies	4 339	1 250
	76 189	109 225
Revenue	98 272	122 232
Excess of revenue over expenditure	$22 083	$13 007

SOCIÉTÉ D'AMÉNAGEMENT DE L'OUTAOUAIS

NOTES TO FINANCIAL STATEMENTS
March 31, 1990

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1. Constitution and purpose

The Société was incorporated under the Act respecting the Communauté régionale de l'Outaouais with the goal of promoting economic development in the region and implementing projects for industrial, commercial, recreational and tourist facilities.

2. Main accounting policies

a) Financial statements

The financial statements are prepared on the accrual basis and in accordance with the principles of fund accounting.

b) Commitments

The Société enters as commitments all amounts approved by the Board of Directors for specific projects, whether or not they derive from contracts or firm orders at year-end.

c) General fund and fixed assets fund

The general fund covers the operating activities, while the fixed assets fund accounts for the movable and immovable assets of the Société and their financing.

d) Fixed assets

Outlays for fixed assets which are not eligible for subsidies or subject to long-term financing are entered as fixed assets against revenue in the general fund. The proceeds of the disposal of fixed assets is accounted for in the general fund and the cost of assets disposed of during the year is credited to the fixed assets fund.

All fixed assets acquired during the year are accounted for in the fixed assets fund at their initial cost and are not depreciated.

e) Inventory valuation

Inventory is valued at the lower of cost and net realizable value; cost is determined by the first in, first out method.

3. Change in the method of accounting for commitments

During the year, the Société adopted prospectively the accounting policy stating that all amounts approved by the Board of Directors for specific projects are entered as commitments, whether or not they derive from contracts or firm orders at year-end.

4. Disposal of tourist and recreational facilities

During the year, the Société transferred to the Société immobilière du Québec at the nominal price of $1 part of the Haute-Gatineau tourist centre, to the Ville de Gatineau at the nominal price of $1 the Lac Beauchamp park and to the Ville de Hull at the nominal price of $1 the Lac Leamy park.

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990

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5. Accounts receivable

	1990	1989
Shell Canada		$2 497
Gatineau airport		252
Rent	$11 466	9 482
Other	21 990	10 552
Advance to the Société's pension plan	12 923	9 503
Insurance benefit		25 490
	$46 379	$57 776

6. Mortgages receivable

Two mortgages were granted in 1984 and 1985 on two parcels of land in the Aéroparc industriel de Gatineau; they are collectable in three equal, interest-free instalments in December 1990, 1991 and 1992.

7. Employer contribution to the employees' pension plan

The Société's contributions are estimated through actuarial valuations while taking into account the balance of the cost of vested benefits for current service and the sums required to fund any actuarial deficiency. According to the latest actuarial valuation, as at December 31, 1988, the plan enjoys a funding excess of $823 300. The expense for 1990 amounts to $71 082 (1989, $137 051).

8. Provision for future local improvement taxes

The Société has agreed to pay local improvement taxes on land sold in the Aéroparc industriel de Gatineau until their expiry date in 1996. To fulfil this commitment, the Société has designated part of the selling price of the land to pay for future local improvement taxes. A liability is recorded in the balance sheet corresponding to the amounts thereby accumulated.

9. Provision for land acquisition and development

This provision was established for new land acquisition and development. The amount of the provision is determined yearly by the Board of Directors and corresponds to a percentage of the proceeds of the sale of land, which varies according to the site of land sold.

Under a resolution dated April 26, 1990, the Société cancels the provision for land acquisition and development. Sums thus accumulated will be included as revenue in the budgetary programming for year 1990-1991.

10. Adjustment to the previous year

This adjustment concerns the cost of tourist and recreational equipment of the Centre touristique de la Haute-Gatineau sold in 1989. It decreases fixed assets and permanent capital.

11. Fixed assets

	1990	1989
		(restated)
Infrastructure and industrial and commercial facilities:		
Parc d'Aylmer	$805 738	$726 529
Aéroparc industriel de Gatineau	5 634 712	5 274 878
Aéroport régional de Gatineau	9 219 985	9 219 985
Mini-parc urbain de Hull	227 604	227 604
Property, 82 Front Street	824 500	824 500
Parc technologique des Hautes Plaines	2 654 537	2 724 758
Parc industriel de Maniwaki	200 568	
Amounts carried forward	$19 367 644	$18 998 254

11. **Fixed assets** (cont'd)

	1990	1989
Amounts brought forward	$19 367 644	$18 998 254
Tourist and recreational facilities:		
Marina du Lac Deschênes	3 086 495	3 083 494
Auberge Symmes	1 058 463	1 058 463
Lac Leamy park		1 778 773
Lac Beauchamp park		2 499 851
Haute-Gatineau tourist centre	120 000	120 000
Meech Valley site	7 467 548	7 467 548
	11 732 506	16 008 129
Other		
Furniture and equipment	615 698	614 070
Vehicles	164 640	174 440
	780 338	788 510
	$31 880 488	$35 794 893

12. Parc technologique des Hautes Plaines

Under a 1987 agreement with the Ville de Hull and as authorized by the Gouvernement du Québec, the Société purchased the land necessary to establish an industrial park for non-polluting industries in the Hautes Plaines sector in Hull.

Under this agreement, all purchase costs and all expenditures incurred for land management, paid by the Société, will be reimbursed by the Ville de Hull. As consideration for the amounts for which the Ville de Hull has assumed responsibility, the Société gave the Ville de Hull a first mortgage on acquired lands of $2 654 537 including interest at 12%. As these pieces of land are sold off, the Société will remit to the city the amounts collected, thus reducing the mortgage loan.

During the year, the cost of the fixed assets of the Parc technologique des Hautes Plaines was set at the amount of the mortgage payable to the Ville de Hull. Figures for the preceding year were adjusted accordingly.

13. Parc industriel de Maniwaki

Under an agreement signed in October 1988 with the Ville de Maniwaki and as authorized by the Gouvernement du Québec, the Société may acquire the land required to establish an industrial park in the Maniwaki sector.

Under that agreement, all acquisition costs as well as current expenditures paid by the Société for land management will be recovered from the Ville de Maniwaki. Whenever the city so decides, the Société will transfer to it all the purchased land. All costs connected with that transfer will be assumed by the city.

At March 31, 1990, the Société was committed for $200 568 in relation to that agreement.

14. Commitments

The Société is presently transferring the Marina du Lac Deschênes and the Auberge Symmes to the municipality of Aylmer. A lease has been signed with the municipality for the rental of the centre and its facilities on a monthly basis for the nominal amount of $1, a temporary measure until the completion of legal requirements necessary to sell them for a nominal amount. Moreover, pursuant to resolution 89/90-9-6, the Société will buy back a piece of land sold in 1983 to Bell Canada for $327 692.

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15. Contingent liabilities

As at March 31, 1990, a number of cases under examination by the expropriation court remained unsettled. Claims by the expropriated parties plus supplementary indemnities (including interest at prescribed rates) total $141 193. Any payment resulting from the final settlement of these cases will be charged to expenditure for the year during which sentence is passed.

AUDITORS' REPORT

To the Minister of Municipal Affairs

We have examined the statements of revenue and expenditure and of deficit of the general fund and the statement of permanent capital of the fixed assets fund of the Société d'aménagement de l'Outaouais for the year ended March 31, 1990, as well as the balance sheets of the general fund and the fixed assets fund as at that date.

In our opinion, these financial statements present fairly the results of the Société's operations for the year ended March 31, 1990 and its financial position as at that date in accordance with the accounting policies disclosed in Note 2 to the financial statements and, except for the accounting change for commitments as explained in Note 3 to the financial statements, these accounting policies have been applied on a basis consistent with that of the preceding year.

The financial statements of the preceding year have been audited by another accounting firm.

Charette, Fortier, Hawey
Touche Ross
Chartered Accountants

Hull, Québec, June 6, 1990

SOCIÉTÉ DE DÉVELOPPEMENT DE LA BAIE JAMES
R.S.Q., c. D-8

OPERATING STATEMENT
for the period ended March 31, 1990

	(3 months) March 31 1990	(12 months) December 31 1989
RECOVERIES -- SEBJ, HYDRO-QUÉBEC AND AFFILIATED ORGANIZATIONS	$1 488 312	$6 902 294
REVENUE FROM OPERATIONS	697 105	2 092 896
ROYALTIES -- LES RESSOURCES DU LAC MESTON INC.	520 000	560 000
	2 705 417	9 555 190
REBATE ON REVENUE -- SEBJ, HYDRO-QUÉBEC	132 260	636 140
NET REVENUE	2 573 157	8 919 050
OPERATING EXPENSES		
Salaries and wages	279 761	1 284 037
Operating, maintenance and administrative expenses	1 669 288	7 177 706
Depreciation	57 063	231 163
Interest and bank charges	82 520	284 865
	2 088 632	8 977 771
PROFIT (LOSS) BEFORE EXTRAORDINARY ITEM	484 525	(58 721)
EXTRAORDINARY ITEM		400 000
NET PROFIT	$484 525	$341 279

DEFICIT
for the period ended March 31, 1990

	(3 months) March 31 1990	(12 months) December 31 1989
Opening balance	($59 369 933)	($59 711 212)
Net profit	484 525	341 279
Closing balance	($58 885 408)	($59 369 933)

SOCIÉTÉ DE DÉVELOPPEMENT DE LA BAIE JAMES

CHANGES IN FINANCIAL POSITION
for the period ended March 31, 1990

	(3 months) March 31 1990	(12 months) December 31 1989
OPERATING ACTIVITIES		
Profit (Loss) before extraordinary item	$484 525	($58 721)
Items not affecting liquid assets		
Depreciation	57 063	231 163
Gain on sale of fixed assets	(19 022)	(17 104)
	522 566	155 338
Settlement of litigation		400 000
Net change in working capital items excepting liquid assets	57 585	(549 142)
Funds generated by operating activities	580 151	6 196
INVESTMENT ACTIVITIES		
Loans incurred	1 006	12 505
Acquisition of fixed assets	(1 416)	(626 156)
Sale of fixed assets	19 022	29 702
Subsidies from SEBJ and Hydro-Québec		358 683
Funds generated (absorbed) by investment activities	18 612	(225 266)
INCREASE (DECREASE) IN LIQUID ASSETS	598 763	(219 070)
DEFICIENCY IN LIQUID ASSETS AT THE BEGINNING	(568 497)	(349 427)
LIQUID ASSETS (DEFICIENCY IN ASSETS) AT THE END (Note 9)	$30 266	($568 497)

SOCIÉTÉ DE DÉVELOPPEMENT DE LA BAIE JAMES

BALANCE SHEET
as at March 31, 1990

	March 31 1990	December 31 1989
ASSETS		
CURRENT ASSETS		
Cash	$721 028	$95 141
Term deposits and accrued interest	1 893 891	1 900 000
Accounts receivable (Note 3)	1 884 897	2 389 099
Advances to affiliated companies	97 879	96 080
Charges deferred to next year	4 948	18 838
	4 602 643	4 499 158
INVESTMENTS (Note 4)	2 966 599	2 967 605
FIXED ASSETS (Note 5)	2 029 886	2 085 533
INFRASTRUCTURES	91 000	91 000
	$9 690 128	$9 643 296
LIABILITIES		
CURRENT LIABILITIES		
Bank loans (Note 6)	$2 584 653	$2 563 638
Accounts payable and accrued expenses	1 517 451	1 987 054
Holdbacks on contracts	170 932	160 037
	4 273 036	4 710 729
SHAREHOLDER'S EQUITY		
Capital stock (Note 7)	60 000 000	60 000 000
Contributed surplus	4 302 500	4 302 500
Deficit (Note 8)	(58 885 408)	(59 369 933)
	5 417 092	4 932 567
	$9 690 128	$9 643 296

On behalf of the Board of Directors,

Jean-Louis Dulac
Robert-Paul Chauvelot

SOCIÉTÉ DE DÉVELOPPEMENT DE LA BAIE JAMES

NOTES TO FINANCIAL STATEMENTS
March 31, 1990

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1. Legal status and nature of activities

The Société de développement de la Baie James (SDBJ) is a parapublic corporation incorporated under the James Bay Region Development Act (R.S.Q., c. D-8), all of whose shares are owned by the Gouvernement du Québec. Its purpose is to promote the development and exploitation of natural resources other than hydro-electric resources in the James Bay territory and to see to the administration and management of this territory.

2. Main accounting policies

Presentation of financial statements

The financial statements have been prepared for submission to the Minister responsible for implementing the James Bay Region Development Act (Minister of Energy and Resources), the National Assembly and any persons interested in the James Bay region.

In view of the Board of Directors' decision to dissolve the subsidiaries, we believe that presenting the financial statements of its subsidiaries separately will result in greater clarity and consequently, these will not be consolidated with the SDBJ's financial statements. Except for the investment in the Société de développement autochtone de la Baie James (Sodab) which is recorded at cost because the increase in Sodab's equity cannot be distributed to its shareholders, all other SDBJ investments in each of its subsidiaries are recorded at equity value.

Fixed assets

The depreciated cost of fixed assets is reduced by contributions from third parties. Depreciation is calculated by the straight-line method over the following periods:

Buildings	20 years
Modular homes	10 years
Furniture and office equipment	5 years
Machinery and equipment	3 years
Automotive equipment	3 years

Infrastructures

Under an agreement with the Société d'énergie de la Baie James (SEBJ), the SDBJ has seen to the construction of infrastructures required by the SEBJ, such as all-weather and winter roads, bridges, airports, and the Radisson city centre at a total cost of $408 390 660. Until December 31, 1985, the SEBJ assumed 99% of the net construction costs ($400 766 705) and 100% of the maintenance and operating expenses. During the year ended December 31, 1985, a $7 526 955 loss in value was recorded to reflect the realizable value. The SDBJ is the exclusive owner of these infrastructures but may not alienate, assign or convey them without the agreement of the SEBJ. Maintenance and operating costs for the road and the airport are borne jointly by the SEBJ and Hydro-Québec.

Income taxes

Being parapublic corporations, the SDBJ and its wholly-owned subsidiaries are exempt from income taxes.

3. Accounts receivable

	March 31 1990	December 31 1989
Société d'énergie de la Baie James	$767 225	$1 053 329
Hydro-Québec	512 089	772 409
Current portion of loans receivable	6 175	7 951
Other	734 498	690 500
	2 019 987	2 524 189
Allowance for doubtful accounts	135 090	135 090
	$1 884 897	$2 389 099

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4. Investments

	March 31 1990	December 31 1989
Investments in subsidiaries		
Shares of Samine Inc., held at 100%	$1	$1
Shares of Sodab, held at 51%	510	510
Shares of Société de Tourisme de la Baie James, held at 100%	100	100
Shares of Fer Albanel limitée, held at 51%	1	1
	612	612
Stock investments		
2 875 778 common shares of Les Ressources Campbell Inc. (stock market value 1990, $2 473 160; 1989, $2 616 958)	2 965 514	2 965 514
	2 966 126	2 966 126
Loans receivable	473	1 479
	$2 966 599	$2 967 605

5. Fixed assets

	Cost	Accumulated depreciation and contributions	March 31 1990 Amortized cost	December 31 1989 Amortized cost
Land	$94 914		$94 914	$94 914
Buildings	4 301 759	$2 521 273	1 780 486	1 826 057
Modular homes	861 668	797 391	64 277	66 665
Furniture and office equipment	1 359 422	1 293 204	66 218	69 526
Machinery and equipment	1 631 601	1 631 601		
Automotive equipment	2 133 175	2 109 184	23 991	28 371
	$10 382 539	$8 352 653	$2 029 886	$2 085 533

An amount of $5 288 796 is included in the accumulated depreciation as contributions from SEBJ, Hydro-Québec and the Municipalité de la Baie James.

6. Bank loans

Bank loans are guaranteed by the Gouvernement du Québec up to a maximum of $17 100 000. However, for any borrowing exceeding $3 000 000, the SDBJ must obtain the specific authorization of the Minister of Municipal Affairs. At March 31, 1990, the Minister had authorized borrowings totalling $3 000 000.

7. Capital stock

	March 31 1990	December 31 1989
Authorized		
10 000 000 common shares with a par value of $10 each		
Issued and paid up		
6 000 000 common shares	$60 000 000	$60 000 000

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7. Capital stock (cont'd)

SDBJ shares are part of the public domain and are assigned to the Minister of Finance. Section 25 of the James Bay Region Development Act prescribed that the Société was to be paid, from the Consolidated Revenue Fund, each year for ten years, an amount not to exceed $10 000 000 for 1 000 000 paid up shares; 6 000 000 shares have been issued and are fully paid. The Minister of Finance ceased subscribing shares on March 2, 1977.

8. Deficit

The deficit of the SDBJ was $58 885 408 as at March 31, 1990; it was due mainly to the writing off of assets and to losses in value recorded in the financial statements.

Assets written off and losses in value accumulated in the financial statements are of three types and total $68 909 534. The accumulated operating profit since the creation of the SDBJ and its subsidiaries is $10 024 126, which breaks down as follows:

Loss in value to reflect the realizable value with a view to amending the SDBJ's mandate	
Infrastructures	$7 526 955
Regional development	4 768 089
Environmental protection	4 507 019
	16 802 063
Loss in value of mining assets to reflect the eventual transfer of said assets to other Government entities with a view to amending the SDBJ's mandate	
Somine inc.	19 330 886
Fer Albanel	5 890 070
	25 220 956
Mining assets written off following abandonment of exploration projects and mining operations	
Exploration project	14 357 099
Joe Mann Mine	12 529 416
	26 886 515
Accumulated operating profit	
Subsidiaries	(1 153 937)
SDBJ	11 178 063
	10 024 126
	$58 885 408

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9. Liquid assets (Liquid assets deficiency)

	March 31 1990	December 31 1989
Cash	$721 028	$95 141
Term deposits and accrued interest	1 895 891	1 900 000
Bank loans	(2 586 653)	(2 563 638)
	$30 266	($568 497)

10. Year-end change

During the year, the Société amended its by-laws in order to change its year-end from December 31 to March 31.

AUDITORS' REPORT

To Mrs. Lise Bacon
Minister responsible for the administration of the
James Bay Region Development Act
Parliament Building
Québec City

We have examined the balance sheet of the Société de développement de la Baie James as at March 31, 1990 as well as the operating statement, the statement of deficit and the statement of changes in financial position for the 3-month period then ended. We obtained all the information we requested. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, based on the information and explanations provided to us and from what is shown in the Société's books, these financial statements present fairly the financial position of the Société as at March 31, 1990 and the results of its operations and changes in its financial position for the 3-month period then ended in accordance with generally accepted accounting principles, applied on a basis consistent with that of the preceding year.

Poissant Thibault - Peat Marwick Thorne
Chartered Accountants

Amos, June 30, 1990

SOCIÉTÉ DE DÉVELOPPEMENT DES COOPÉRATIVES
R.S.Q., c. S-10.001

REVENUE AND EXPENDITURE AND SURPLUS
for the year ended March 31, 1990

	1990	1989
REVENUE		
Investment earnings (Note 3)	$672 609	$854 905
Interest on term deposits	748 949	480 179
Other	17 368	19 764
	1 438 926	1 354 848
CONTRIBUTION FROM THE GOUVERNEMENT DU QUÉBEC	3 870 200	4 073 700
	5 309 126	5 428 548
EXPENDITURE		
Assistance programs:		
Assumption of interest	1 066 104	663 257
Fulfilment of loan guarantees	790 359	442 383
(Decrease) Increase in the allowance for losses (Note 6c)	(156 719)	262 992
	1 699 744	1 368 632
Administrative expenses (Note 4)	2 149 083	2 032 325
Financial expenses (Note 5)	935 541	636 360
	4 784 368	4 037 317
REVENUE AND CONTRIBUTION IN EXCESS OF EXPENDITURE	524 758	1 391 231
SURPLUS (DEFICIT) AT THE BEGINNING	1 013 812	(377 419)
SURPLUS AT THE END	$1 538 570	$1 013 812

SOCIÉTÉ DE DÉVELOPPEMENT DES COOPÉRATIVES

CHANGES IN FINANCIAL POSITION
for the year ended March 31, 1990

	1990	1989
OPERATING ACTIVITIES		
Excess of revenue and contribution over expenditure	$524 758	$1 391 231
Items not affecting liquid assets:		
(Decrease) increase in the allowance for losses	(156 719)	262 992
Increase in the net realizable value of the investment in a subsidiary	(335 786)	(305 633)
	32 253	1 348 590
Changes in assets and liabilities related to operations	471 526	74 750
Funds generated by operating activities	503 779	1 423 340
FINANCING ACTIVITIES		
Funds absorbed by financing activities:		
Repayment of advances -- Gouvernement du Québec and subscribing cooperatives (Note 8)	(5 949 408)	(2 777 037)
INVESTMENT ACTIVITIES		
Financial assistance paid	(13 000)	(1 140 900)
Financial assistance recovered	1 129 422	1 610 684
Advances repaid by the subsidiary	4 800 000	
Funds generated by investment activities	5 916 422	469 784
INCREASE (DECREASE) IN LIQUID ASSETS	470 793	(883 913)
OPENING LIQUID ASSETS	3 012 903	3 896 816
CLOSING LIQUID ASSETS	$3 483 696	$3 012 903

The Société's liquid assets consist of cash and short-term deposits less bank loan.

SOCIÉTÉ DE DÉVELOPPEMENT INDUSTRIEL DU QUÉBEC

BALANCE SHEET
as at March 31, 1990
(in thousands of dollars)

	1990	1989
ASSETS		
Loans (Note 7)	764 776	503 325
Repayable contributions (Note 8)	40 805	4 000
Equity investments in businesses (Note 9)	123 305	91 766
Due and accrued interest	4 603	2 487
	933 489	601 578
Provision for losses on loans and equity investments in businesses (Note 10)	32 720	16 614
	900 769	584 964
Cash on hand	411	1 250
Contributions receivable from the Gouvernement du Québec	19 720	5 838
Prepaid interest	3 134	747
Guaranteed account receivable (Note 11)	10 650	10 650
Long-term debt discounts and issue expenses -- amortized cost	614	12
Fixed assets (Note 12)	1 828	1 961
	937 126	605 422
LIABILITIES		
Long-term debt (Note 13)	280 810	223 308
Advances from the Gouvernement du Québec (Note 14)	300 415	180 605
Due and accrued interest on long-term debt and on advances from the Gouvernement du Québec	9 359	6 491
Bank loan	249 050	106 200
Financial assistance in the process of disbursement	16 384	5 635
Prepaid contributions from the Gouvernement du Québec	238	118
Accounts payable and accrued liabilities	122	354
Deferred revenue (Note 15)	18 801	21 088
	875 179	543 799
EQUITY		
Endowment from the Gouvernement du Québec (Note 16)	32 944	32 944
Reserve fund	29 003	28 679
	61 947	61 623
	937 126	605 422

COMMITMENTS (Note 18)
CONTINGENCIES (Note 19)

On behalf of the Board of Directors,

Gabriel Savard
Guy Savard

1. Constitution and purpose

The Société de développement des coopératives is a corporation incorporated under a special Act (R.S.Q., c. S-18.001), which came into force on June 6, 1984. On the same date, the Société acquired the rights of the Société de développement coopératif and assumed its obligations.

The purpose of the Société de développement des coopératives is to promote the creation and development of cooperatives so as to stimulate increased participation of the population in economic activities, as well as to promote the economic development of Québec regions and job creation in these regions. To achieve these goals, the Société administers financial assistance programs established by the Government.

2. Accounting policies

The financial statements of the Société have been prepared by management on the accrual basis and in accordance with the accounting policies as disclosed below. These statements include amounts based on best estimates and judgment.

Investments

-- Subsidiary

The share of the Société in its wholly-owned subsidiary (S.D.C. (Habitation) 1980 inc.) is shown at its net realizable value.

The accounts of this subsidiary are not consolidated with those of the Société in view of the gradual winding up of the subsidiary's operations.

-- Financial assistance

Financial assistance is recorded at cost.

Allowance for losses

The allowance for losses on loans and advances is determined by evaluating the expected loss for each case where recovery is highly in doubt.

For preferred shares, the allowance is determined by evaluating each of them.

Fixed assets

-- Machinery and equipment

Acquisitions of machinery and equipment are charged to operations.

-- Head office building

The head office building is shown at cost and is not depreciated.

3. Investment earnings

	1990	1989
Interest on financial assistance	$224 275	$399 242
Minimum interest on advances to a subsidiary	112 550	150 030
Increase in the net realizable value of the investment in a subsidiary	335 786	305 633
	$672 609	$854 905

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990

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4. Administrative expenses

	1990	1989
Salaries and wages	$1 601 767	$1 422 433
Travelling expenses	130 976	142 567
Advertising and information expenses	41 485	45 555
Office supplies	94 049	105 331
Professional fees	15 868	31 245
Telecommunications	78 570	71 442
Meeting expenses	17 992	14 947
Rent and occupancy expenses	129 452	119 478
Machinery and equipment	38 924	79 327
	$2 149 083	$2 032 325

5. Financial expenses

	1990	1989
Interest on bank loan	$342 631	$250 405
Interest on advances -- Gouvernement du Québec and subscribing cooperatives (minimum interest -- 3% in 1989)	592 910	365 955
	$935 541	$616 360

6. Investments

a. Subsidiary -- at net realizable value

	Cost March 31 1990	Net realizable value 1990	Net realizable value 1989
S.D.C. (Habitation) 1980 Inc., wholly-owned subsidiary:			
10 000 common shares	$1 000 000	$20	
499 class "C" preferred shares, 8% non-cumulative, redeemable at par value of $1 000 each	499 000	499 000	$163 234
Advances on notes, minimum 3% interest	201 000	201 000	5 001 000
	$1 700 000	$700 020	$5 164 234

The net realizable value is calculated taking into account an unaudited net profit of $16 776 for the first quarter of 1990 ($94 104 in 1989).

A summary of the audited financial statements of the subsidiary for the years ended December 31, 1989 and 1988 is disclosed in Note 7.

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6. Investments (cont'd)

b. Financial assistance and interest due or accrued -- at cost

	1990	1989
Common shares		$10 000
Preferred shares	$2 657 520	2 747 030
Advances	26 091	514 495
Subordinate loans	1 494 902	3 365 414
Secured loans	466 500	587 600
	4 645 013	7 224 539
Interest due and accrued	74 829	236 518
	4 719 842	7 461 057
Allowance for losses	1 486 279	3 211 335
	$3 233 563	$4 249 722

The book value of investments made prior to June 6, 1984, including the investment in its subidiary, amounts to $2 163 962 (March 31, 1989: $7 698 098) after deducting an allowance for losses of $695 794 (March 31, 1989: $2 355 519).

c. Allowance for losses

	1990	1989
Opening balance	$3 211 335	$3 112 675
Amounts written off during the year	1 568 337	164 332
	1 642 998	2 948 343
Allowance for the year	(156 719)	262 992
Closing balance	$1 486 279	$3 211 335

7. Wholly-owned subsidiary -- summary of audited financial statements

S.D.C. (Habitation) 1980 Inc.
BALANCE SHEET
as at December 31, 1989

	1989	1988
Assets		
Current assets	$621 253	$4 952 190
Investments, at cost	63 070	118 690
	$684 323	$5 070 880

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7. Wholly-owned subsidiary -- summary of audited financial statements (cont'd)

	1989	1988
Liabilities and shareholder's equity		
Current liabilities	$1 079	$750
Advance by the shareholder	201 000	5 001 000
Capital stock	1 499 000	1 499 000
Deficit	(1 016 756)	(1 429 870)
	$684 323	$5 070 880

OPERATIONS AND DEFICIT
for the year ended December 31, 1989

	1989	1988
Revenue	$586 695	$456 958
Expenditure	173 581	185 429
Net profit	413 114	271 529
Opening deficit	1 429 870	1 701 399
Closing deficit	$1 016 756	$1 429 870

Expenditure for year 1989 includes $148 057 (1988: $150 441) minimum interest at 3% on the advance by the shareholder.

8. Advances -- Gouvernement du Québec and subscribing cooperatives

	1990			1989
	Advances from the Gouvernement du Québec	Advances from subscribing cooperatives	Total	Total
Opening balance	$10 156 047	$1 437 392	$11 593 439	$14 370 476
Repayments	5 212 277	737 131	5 949 408	2 777 037
Closing balance	$4 943 770	$700 261	$5 644 031	$11 593 439

These advances bear interest at an annual rate equal to 50% of revenue in excess of expenditure with respect to financial assistance provided from such advances, as long as the cumulative excess is not showing a deficit and provided that payment of such interest does not produce a deficit. The interest rate may not be less than 3%. In addition, in the event that interest equal to 50% of revenue in excess of expenditure is paid, the Board of Directors may vote a supplementary interest which may not, overall, exceed the prime rate plus 1/2 of 1%. Such supplementary interest will be charged against the cumulative excess when it is paid out.

Under section 47 of its Act of incorporation, the Société must, beginning on June 6, 1984, repay to the Gouvernement du Québec and to subscribing cooperatives the advances they have made in proportion to and drawn from repayments of financial assistance granted prior to that date. During the year, principal repayments on financial assistance amounted to $5 900 322 (1989: $1 199 902).

8. Advances -- Gouvernement du Québec and subscribing cooperatives (cont'd)

Repayments made in April, covering repayments of financial assistance principal received before March 31, 1990, amount to $271 718 (March 31, 1989: $320 804).

TRANSACTIONS ON ADVANCES FROM THE GOUVERNEMENT DU QUÉBEC
AND SUBSCRIBING COOPERATIVES FOR INTEREST CALCULATION PURPOSES
for the year ended March 31, 1990

	1990	1989
Revenue		
Investment earnings	$603 151	$761 272
Interest on term deposits	488 281	322 856
Decrease in the allowance for losses	91 388	237 470
Other	3 000	1 515
	1 185 820	1 323 113
Expenditure		
Interest on advances (minimum interest -- 3% in 1989)	592 910	365 955
Revenue in excess of expenditure	592 910	957 158
Deficit at the beginning	(400 475)	(1 357 633)
Surplus (Deficit) at the end	$192 435	($400 475)

9. Surplus

	1990	1989
Surplus (Deficit) from operations prior to June 6, 1984 on advances from the Gouvernement du Québec and subscribing cooperatives	$192 435	($400 475)
Excess of contributions by the Gouvernement du Québec over the net cost of applying the Société's Act of incorporation	923 318	991 470
Recording of the head office building as an asset	422 817	422 817
	$1 538 570	$1 013 812

10. Contingencies and commitments

Contingencies

Loans contracted by cooperative enterprises which were guaranteed by the Société amount to $23 322 063 as at March 31, 1990 (March 31, 1989: $23 664 000). Any settlement concerning these contingencies will be charged to operations for the then current year.

Commitments

Assumption of interest on loans contracted by cooperative enterprises is conditional. Future payments in this regard are estimated as follows:

1991	$855 660
1992	338 390
1993	199 780
1994	135 150
1995	36 800
1996	8 980
	$1 574 760

AUDITOR'S REPORT

I have examined the balance sheet of the Société de développement des coopératives as at March 31, 1990 as well as the statement of revenue and expenditure and surplus and the statement of changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Société as at March 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies disclosed in Note 2 applied on a basis consistent with that of the preceding year.

The Auditor General of Québec,
Rhéal Chatelain, F.C.A.

Québec, May 18, 1990

SOCIÉTÉ DE DÉVELOPPEMENT INDUSTRIEL DU QUÉBEC
R.S.Q., C. S-11.01

REVENUE AND EXPENDITURE
for the year ended March 31, 1990
(in thousands of dollars)

	1990	1989
REVENUES		
Interest on loans, repayable contributions and compensation (Note 3)	43 380	16 804
Interest on bank deposits	563	256
Dividends	36	25
Premiums earned	910	13
Loan repayment guarantee fees (Note 4)	797	566
Management fees	1 945	1 706
Profit (Loss) on disposal of equity investment in businesses	250	(1 392)
Profit on disposal of capital stock option in businesses	3 836	
	51 717	17 978
Contributions from the Gouvernement du Québec (Note 5)	109 759	58 676
	161 476	76 654
EXPENDITURES		
Financial expenses (Note 6)	31 577	9 819
Provision for losses on loans and equity investments in businesses (Note 10)	18 906	3 991
Interest claims	910	13
	51 393	13 823
EXPENSES ASSUMED BY THE GOUVERNEMENT DU QUÉBEC (Note 5)		
Financial assistance to businesses	100 165	49 190
Operating expenses	9 594	9 486
	109 759	58 676
	161 152	72 499
NET REVENUE	324	4 155

CHANGES IN FINANCIAL POSITION
for the year ended March 31, 1990
(in thousands of dollars)

	1990	1989
OPERATING ACTIVITIES		
Net receipts generated by operations (Note 17)	18 353	8 160
Change in other assets and liabilities	(4 855)	(431)
Funds used for operating activities	13 498	7 729
FINANCING ACTIVITIES		
Long-term debt	72 550	35 586
Repayment of long-term debt	(16 800)	
Advances from the Gouvernement du Québec	119 810	65 573
Funds generated by financing activities	175 560	101 159
INVESTMENT ACTIVITIES		
Operations affecting loans, repayable contributions and equity investments in businesses	(332 595)	(175 173)
Acquisition of fixed assets	(152)	(600)
Funds used for investment activities	(332 747)	(175 773)
INCREASE IN BANK INDEBTEDNESS	143 689	66 885
BANK INDEBTEDNESS -- OPENING BALANCE	104 950	38 065
BANK INDEBTEDNESS -- CLOSING BALANCE	248 639	104 950

The Société's bank indebtedness consists of the bank loan less cash on hand.

RESERVE FUND
for the year ended March 31, 1990
(in thousands of dollars)

	1990	1989
OPENING BALANCE	28 679	24 524
NET REVENUE	324	4 155
CLOSING BALANCE	29 003	28 679

SOCIÉTÉ DE DÉVELOPPEMENT INDUSTRIEL DU QUÉBEC

BALANCE SHEET
as at March 31, 1990
(in thousands of dollars)

	1990	1989
ASSETS		
Loans (Note 7)	764 776	503 325
Repayable contributions (Note 8)	40 805	4 000
Equity investments in businesses (Note 9)	123 305	91 766
Due and accrued interest	4 603	2 487
	933 489	601 578
Provision for losses on loans and equity investments in businesses (Note 10)	32 720	16 614
	900 769	584 964
Cash on hand	411	1 250
Contributions receivable from the Gouvernement du Québec	19 720	5 838
Prepaid interest	3 134	747
Guaranteed account receivable (Note 11)	10 650	10 650
Long-term debt discounts and issue expenses -- amortized cost	614	12
Fixed assets (Note 12)	1 828	1 961
	937 126	605 422
LIABILITIES		
Long-term debt (Note 13)	280 810	223 308
Advances from the Gouvernement du Québec (Note 14)	300 415	180 605
Due and accrued interest on long-term debt and on advances from the Gouvernement du Québec	9 359	6 491
Bank loan	249 050	106 200
Financial assistance in the process of disbursement	16 384	5 635
Prepaid contributions from the Gouvernement du Québec	238	118
Accounts payable and accrued liabilities	122	354
Deferred revenue (Note 15)	18 801	21 088
	875 179	543 799
EQUITY		
Endowment from the Gouvernement du Québec (Note 16)	32 944	32 944
Reserve fund	29 003	28 679
	61 947	61 623
	937 126	605 422

COMMITMENTS (Note 18)
CONTINGENCIES (Note 19)

On behalf of the Board of Directors,

Gabriel Savard
Guy Savard

NOTES TO FINANCIAL STATEMENTS
March 31, 1990
(in thousands of dollars)

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1. Incorporation and objective

The Société de développement industriel du Québec is a non-profit corporation as defined by the Civil Code, and was constituted by a special Act (R.S.Q., chapter S-11.01). Its objective is to promote the economic development of Québec, particularly by encouraging the development of businesses, the growth of exports, research and the development of new techniques.

To achieve its objective, the Société provides financial assistance to businesses in accordance with financial assistance programs established under by-laws designed to promote the economic development of Québec. Furthermore, it advises businesses applying for financial assistance in matters of capital structure.

The Société must ensure that the business, to which it provides assistance, possesses the required financial structure, adequate technical and managerial personnel and the means of production and manufacturing required to ensure project achievement. The project must provide for reasonable profit-making expectations.

2. Accounting policies

The Société's financial statements were prepared by management in accordance with the accrual method and the accounting policies stated below. These statements include some amounts based on best estimates and judgment.

Equity investments

Financial assistance provided by the Société in the form of stock acquisition is accounted for at acquisition cost as "Equity investments". To the extent that the Société deems that the assistance provided cannot be recovered, the anticipated loss is recorded to the provision for losses.

Provision for losses on loans and on equity investments

The provision for losses on loans is determined by assessing the anticipated loss for each account presenting major collection problems and by applying a rate based on past experience of losses incurred on other loans. The provision for losses on equity investments in businesses is determined by reviewing each account.

No provision is made for losses on loans, repayable contributions and equity investments in businesses when repayment is guaranteed by the Gouvernement du Québec.

Long-term debt discounts and issue expenses

Long-term debt discounts and issue expenses are amortized, in accordance with the straight-line method, over the term of the debt in question.

Fixed assets

Fixed assets are accounted for at acquisition cost. They are depreciated over their useful life in accordance with the following methods and rates:

	Method	Rate
Computer hardware and software	Straight-line	10%
Furniture and equipment	Diminishing balance	10%

Long-term debt

Heavily discounted bonds are recorded at present value increased annually by capitalizing the discount matching the rate of interest, in accordance with the effective interest method, charged each year to financial expenses.

2. Accounting policies (cont'd)

Deferred revenue

a. Bond interest contribution

The contribution received from the Gouvernement du Québec, covering the difference between the present value of heavily discounted bonds and their par value, is deferred at time of issue. This contribution is then transferred to operations, using the effective interest method, over the term of the debt.

b. Contribution towards the acquisition of fixed assets

The acquisition cost of fixed assets is assumed by the Gouvernement du Québec and paid out of funds granted for this purpose by Parliament. This contribution is deferred and transferred to operations in accordance with the same methods and rates as those used to depreciate fixed assets.

c. Interest rate increase protection

Premium receipts and the interest they generate are accounted for as deferred revenue and are transferred to operations as claims are approved. The Gouvernement du Québec compensates any surplus charges under this program.

Subsidies and assumption of part of the cost of loans contracted by businesses

Expenses related to subsidies and the assumption of part of the cost of loans contracted by businesses are charged to the operations of the year during which these firms filed their claims and have complied with all stipulated requirements of the Société. The corresponding contribution made by the Gouvernement du Québec is then considered earned by the Société.

Loan repayment guarantees

The execution of a loan repayment guarantee, charged to the Gouvernement du Québec or assumed by the Société, is accounted for by the Société upon approval of the claim filed by the financial institution.

Venture loans

Upon approval of a venture loan, the Société requires a risk premium. This premium may take the form of a purchase option of part of the business's equity, an interest rate mark-up or any other form and is accounted for when realized.

Operating expenses assumed by the Gouvernement du Québec

The Société's operating expenses and fringe benefits are assumed by the Gouvernement du Québec. However, the cost of fringe benefits is not shown in the statement of revenue and expenditure.

3. Interest on loans, repayable contributions and compensation

	1990	1989
Loans guaranteed by the Gouvernement du Québec	9 825	8 414
Loans not guaranteed by the Gouvernement du Québec	2 652	2 521
Venture loans guaranteed by the Gouvernement du Québec	12 259	787
Venture loans not guaranteed by the Gouvernement du Québec	10 709	2 204
Repayable contributions guaranteed by the Gouvernement du Québec	948	
	36 393	13 926
Compensation from the Gouvernement du Québec for certain loans granted at below market rates or interest-free	6 987	2 878
	43 380	16 804

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990
(in thousands of dollars)

4. Loan repayment guarantee fees

	1990	1989
Guarantees assumed by the Gouvernement du Québec	651	436
Guarantees assumed by the Société	146	130
	797	566

5. Contributions from the Gouvernement du Québec (1)

These contributions are used to pay the following expenditures:

	Act respecting the Société de développement industriel du Québec					
	General mandate (2)	Special mandates (3)	Act respecting the MICT (4)	Other Acts (5)	Total 1990	Total 1989
Financial assistance to businesses						
Subsidies and partial assumptions of cost of loans contracted by firms	20 801	29 485	1 071	2 047	53 404	36 990
Exemptions from loan, repayable contribution and interest repayments	2 413	33 187	139		35 739	1 713
Payment of loan guarantees	4 330		1 406		5 736	6 379
Loss on loans	4 751	33		109	4 893	2 445
Loss on disposal of equity investments in businesses	155		238		393	1 663
	32 450	62 705	2 854	2 156	100 165	49 190
Operating expenses						
Salaries and other wages					6 757	6 742
Computer services					173	121
Office rent					1 242	1 199
Depreciation of fixed assets					285	270
Other					1 137	1 154
					9 594	9 486
Total contributions					109 759	58 676

(1) Additional contributions of $31 770 000 are shown separately: i) in the statement of revenue and expenditure: $6 987 000 as compensation for the revenue shortfall on loans granted at below-market rates or interest-free and $24 631 000 for certain financial expenses incurred; ii) as a liability for deferred revenues: $152 000 for fixed assets acquisition.

(2) Includes programmes involving: business consortium development, investment assistance to modern technology firms and dynamic firms, capitalization loans, electronics industry development assistance, high-growth tertiary sector investment assistance, business financing, establishment assistance credit and assistance for reseach and development activities.

(3) Section 7 of the Act respecting the Société de développement industriel du Québec.

(4) The Act respecting the Ministère de l'Industrie, du Commerce et de la Technologie (MICT) includes programmes involving: emergency assistance to small and medium-size businesses, public stock issue, new entrepreneurs, innovative small and medium-size businesses, modernization of textile, hosiery and clothing industries, as well as development of the furniture industry.

(5) Includes the Act respecting assistance for tourist development and the Québec Business Investment Companies Act.

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990
(in thousands of dollars)

6. Financial expenses

	1990	1989
Interest on long-term debt	25 393	17 560
Interest on advances from the Gouvernement du Québec	5 863	3 227
Interest and bank charges	24 919	8 702
Amortization of long-term debt discounts and issue expenses	33	27
Bond issue expenses assumed by the Gouvernement du Québec		133
	56 208	29 649
Contribution from the Gouvernement du Québec	(24 631)	(19 830)
	31 577	9 819

7. Loans

	1990	1989
Loans guaranteed by the Gouvernement du Québec		
Interest-bearing loans:		
Research and development assistance	46 614	52 653
Innovative small and medium-size business	1 734	3 043
Tourism development assistance	3 048	3 860
Establishment assistance	14 076	16 975
Special mandates (section 7 of the Act respecting the Société de développement industriel du Québec)	9 598	7 997
Interest-free loans:		
Tourism development assistance	12 907	9 200
Modern technology and dynamic firms	213 389	158 669
High-growth tertiary sector	871	706
Electronics industry	158	158
Special mandates (section 7 of the Act respecting the Société de développement industriel du Québec)	145 519	133 420
Interest-bearing venture loans:		
Special mandates (section 7 of the Act respecting the Société de développement industriel du Québec)	156 555	32 479
	604 469	419 160
Loans not guaranteed by the Gouvernement du Québec		
Interest-bearing loans:		
Financing of manufacturing firms	21 395	24 340
Export financing	2 785	2 154
Export assistance	96	52
Financing	1 598	245
Interest-bearing venture loans:		
Investment assistance	100 349	47 243
Assistance for research and development	4 975	1 672
Assistance for tourism investment	26 153	7 890
Export assistance	2 956	569
	160 307	84 165
	764 776	503 325

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990
(in thousands of dollars)

8. Repayable contributions

	1990	1989
Interest-bearing repayable contributions	28 350	
Interest-free repayable contributions	12 455	4 000
	40 805	4 000

These repayable contributions, guaranteed by the Gouvernement du Québec, were provided under special mandates in accordance with section 7 of the Act respecting the Société de développement industriel du Québec. The repayment and, where applicable, the payment of interest of these contributions, are subject to certain conditions specified by the assistance agreements.

9. Equity investments in businesses

	1990	1989
Equity investment guaranteed by the Gouvernement du Québec		
Common and preferred shares:		
Emergency assistance to small and medium-size business	334	661
Business financing	2 466	5 466
Innovative small and medium-size businesses	1 476	1 869
Capitalization loans	2 684	1 931
Research and development assistance	3 793	682
Tourism development assistance	83	83
Establishment assistance credit	364	
Special mandates (section 7 of the Act respecting the Société de développement industriel du Québec)	65 086	40 060
Special class shares:		
Tourism development assistance	7 252	5 754
Modern technology and dynamic firms	33 723	28 764
High-growth tertiary sector	112	77
	117 373	85 347
Equity investments not guaranteed by the Gouvernement du Québec		
Common and preferred shares:		
Investment assistance	128	
Financing of manufacturing firms	4 517	5 196
Export financing	470	570
Consortium development	817	653
	5 932	6 419
	123 305	91 766

10. Provisions for losses on loans and equity investments in businesses

	1990	1989
Opening balance	16 614	19 023
Write offs:		
Loans	(2 121)	(4 826)
Equity investments in businesses	(679)	(1 574)
	(2 800)	(6 400)
Additional provision required for the year:		
Loans	18 413	3 821
Equity investments in businesses	493	170
	18 906	3 991
Closing balance	32 720	16 614
The breakdown of the provision for losses is as follows:		
Loans	32 082	15 790
Equity investments in businesses	638	824
	32 720	16 614

Anticipated losses on loans, repayable contributions and equity investments in businesses guaranteed by the Gouvernement du Québec stood at $75 286 000 as at March 31, 1990 (March 31, 1989: $31 402 000). These figures do not include anticipated losses on interest-free loans, since they are generally not due until 15 years after disbursement, nor special class shares, since they do not stipulate a redemption date.

11. Guaranteed account receivable

This guaranteed receivable arises from sale and payment agreements signed on July 21, 1981 with the majority shareholder of an industrial firm in which the Société held a 40% interest.

Notwithstanding the provisions of the agreements, whereby the interest in the company's stock was disposed of for a consideration of $3 600 000, which amount together with interest compounded annually at the prevailing daily prime rate set by banks as of July 30, 1981, will total $10 650 000 at maturity, the Société deems that the substance of the agreements enables it to recover the assistance granted to this business over the long-term, but without any return. Consequently, the Société considers it will have neither suffered a loss nor earned a profit following recovery.

This account receivable of $10 650 000 accounted for at its aggregate recoverable value and guaranteed by a Canadian chartered bank will be collectable during the next fiscal year.

The present value of this receivable is $10 451 340 as at March 31, 1990, comprised of a sale price of $3 600 000 and interest accrued to date of $6 851 340.

12. Fixed assets

	1990			1989
	Cost	Accumulated depreciation	Net	Net
Computer hardware and software	2 824	1 021	1 803	1 948
Furniture and equipment	34	9	25	13
	2 858	1 030	1 828	1 961

13. Long-term debt

The Gouvernement du Québec guarantees payment of the principal and interest on the long-term debt.

	1990	1989
Series "C" bonds, 12,5%, maturing December 3, 1989		16 800
Series "D" bonds, non-interest-bearing, maturing June 7, 1995, par value of $30 000 000, present value at 11,05% per year	17 174	15 422
Series "E" bonds, bearing interest at an annual rate equal to the average prime rate of three chartered banks less 5/8 of 1% and maturing March 24, 1991. The Société may, as its option, redeem these bonds at their par value on any interest payment date in multiples of $5 000 000	35 000	35 000
Series "F" bonds, bearing interest at an annual rate of 8,25%, maturing May 15, 1992. These bonds may be exchanged, at the holder's option, for series "2F" bonds of the Société bearing interest at 9,125% per year as of the date of registration of exchange, maturing May 15, 2007	110 000	110 000
Series "G" bonds, bearing interest at the rate of 10%, maturing December 1, 1999	50 000	
Loan of 1 190 000 000 YEN, bearing interest at a real rate of 6% (effective rate of 8,88% resulting from the currency swap contracts), maturing February 6, 1997. Repayments of principal and interest are governed by a currency swap contract at a predetermined fixed rate	10 500	10 500
Loan of 3 810 000 000 YEN, bearing interest at a real rate of 5,5% (effective rate of 10,84% resulting from currency swap contracts), maturing March 22, 1996. Repayments of principal and interest are governed by two currency swap contracts at a predetermined fixed rate	35 586	35 586
Banker's acceptance, bearing interest at a real rate of 13,375% (average effective rate of 10,96%, resulting from rate exchange agreements, maturing May 15, 1999)	20 000	
Banker's acceptance, bearing interest at a real rate of 13,46% (effective rate of 11,25%, resulting from a rate exchange agreement, maturing December 15, 1995)	2 550	
	280 810	223 308

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990
(in thousands of dollars)

14. Advances from the Gouvernement du Québec

	1990	1989
Repayable advances bearing interest according to the financial assistance agreements, except for the special mandate advances bearing interest at rates between 8% and 15,75%		
Innovative small and medium-size business programmes:		
Loans	1 734	3 043
Due and accrued interest	424	455
Special mandates (section 7 of the Act respecting the Société de développement industriel du Québec):		
Interest-bearing loans	477	
Interest-bearing venture loans	3 000	
Interest-bearing repayable contributions	27 402	
Equity investments in businesses	40 000	40 000
Repayable interest-free advances		
Innovative small and medium-size business programmes:		
Equity investments in businesses	1 476	1 869
Special mandates (section 7 of the Act respecting the Société de développement industriel du Québec):		
Interest-free repayable contributions	12 455	4 000
Equity investments in businesses	25 025	
Interest-free loans	147 335	96 643
Equity investments, special class shares	41 087	34 595
	300 415	180 605

15. Deferred revenue

	1990	1989
Contribution from the Gouvernement du Québec towards interest on series "D" bonds:		
Opening balance	14 578	16 151
Contribution transferred to operations	1 752	1 573
Closing balance	12 826	14 578
Contribution from the Gouvernement du Québec towards the acquisition of fixed assets:		
Opening balance	1 961	1 631
Contribution received	152	600
	2 113	2 231
Contribution transferred to operations	285	270
Closing balance	1 828	1 961
Amounts carried forward	14 654	16 539

15. Deferred revenue (cont'd)

	1990	1989
Amounts brought forward	14 654	16 539
Interest rate increase protection:		
Opening balance	4 549	4 172
Premiums received and interest	508	390
	5 057	4 562
Premiums earned following interest claims	910	13
Closing balance	4 147	4 549
	18 801	21 088

16. Endowment from the Gouvernement du Québec

The Gouvernement du Québec is authorized to pay the Société an amount of $100 million out of the Consolidated Revenue Fund to establish an endowment. As at March 31, 1989 and 1990, this endowment totalled $32 944 115.

17. Changes in financial position

	1990	1989
Operating activities		
Net revenue	324	4 155
Items not affecting cash position		
Depreciation of fixed assets	285	270
Provision for losses on loans and equity investments in businesses	18 906	3 991
Amortization of discount and bond issue expenses	33	27
Capitalization of bond discount matching the rate of interest	1 752	1 573
Transfer of deferred revenues to operations	(2 947)	(1 856)
Net receipts generated by operations	18 353	8 160

18. Commitments

	1990	1989
Approved financial assistance, undisbursed as at March 31, to be financed by the Société:		
Loans:		
Guaranteed by the Gouvernement du Québec	53 025	100 068
Not guaranteed by the Gouvernement du Québec	68 670	81 672
Repayable contributions guaranteed by the Gouvernement du Québec	45 533	
Equity investments in businesses:		
Guaranteed by the Gouvernement du Québec	12 888	13 000
Not guaranteed by the Gouvernement du Québec	313	467
Amounts carried forward	180 429	195 207

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990
(in thousands of dollars)

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18. Commitments (cont'd)

	1990	1989
Amounts brought forward	180 429	195 207

Approved financial assistance, subject to certain conditions of the Société, undisbursed as at March 31. This assistance will be paid from appropriations voted annually by Parliament.

Year	Partial assumption of costs of loans	Subsidies	Repayable contributions and interest-free loans	Special class shares	1990	1989
1991	57 301	12 976	49 527	8 400		
1992	32 362	6 256	18 632	3 677		
1993	18 061	2 156	13 047	1 821		
1994	2 035	4 211	6 226	249		
1995 and beyond	3		305	34		
	109 762	25 599	87 737	14 181	237 279	409 903
					417 708	605 110

Based on the experience of the past three years, the Société estimates that the payment of these commitments as at March 31, 1990 could entail disbursements of the order of $344 308 000.

19. Contingencies

The Société guarantees the repayment of loans contracted by firms from lending institutions, issues compensation guarantees to insurers and grants repayment exemptions subject to certain conditions. For certain assistance programmes, contingent losses will be assumed by the Gouvernement du Québec. The breakdown of maximum amounts covered by loan guarantees, compensation agreements and repayment exemptions is as follows:

	1990	1989
Loan repayment guarantees		
Assumed by the Société:		
Export financing	9 346	10 869
Financing of manufacturing firms	2 520	780
Financing	800	
	12 666	11 649
Assumed by the Gouvernement du Québec:		
Special mandates (section 7 of the Act respecting the Société de développement industriel du Québec)	237 235	90 055
Tourism development assistance	3 529	3 714
Emergency assistance for small and medium-size business	53	1 132
Business financing	41 932	101 897
Capitalization loan	40 142	41 947
	322 891	238 745
Amounts carried forward	335 557	250 394

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990
(in thousands of dollars)

19. Contingencies (cont'd)

	1990	1989
Amounts brought forward	335 557	250 394
Compensation agreements guaranteed by the Gouvernement du Québec	120 000	140 000
Loan repayment and repayable contributions exemptions granted subject to conditions specified by the Société		
Assumed by the Gouvernement du Québec:		
Establishment assistance credit	9 363	12 868
Research and development assistance	26 244	40 762
Special mandates (section 7 of the Act respecting the Société de développement industriel du Québec)	28 350	
	63 957	53 630
	519 514	444 024

Payment of loan guarantees which the Société and the Gouvernement du Québec may be required to assume could lead to losses of the order of $4 667 000 and $23 583 000 respectively.

Various legal and para-legal proceedings instituted by or against the Société are currently pending. According to the Société, the outcome of these proceedings will not have a significant impact on its financial situation nor on its operating results.

Settlements resulting from the resolution of these contingencies will be accounted for as a charge or credit to income of the period in which the settlement occurs.

20. Comparative figures

Certain 1989 figures have been reclassified to conform with the presentation adopted in 1990.

AUDITOR'S REPORT

I have examined the balance sheet of the Société de développement industriel du Québec as at March 31, 1990 and the statements of revenue and expenditure, reserve fund and changes in the financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Société as at March 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies mentioned in Note 2 applied on a basis consistent with that of the preceding year.

The Auditor General of Québec,
Rhéal Chatelain, F.C.A.

Québec, June 8, 1990

SOCIÉTÉ DE LA MAISON DES SCIENCES ET DES TECHNIQUES
R.S.Q., c. S-11.02

REVENUE AND EXPENDITURE AND SURPLUS
for the years ended March 31, 1990 and 1989

	1990	1989
REVENUE		
Subsidy from the Gouvernement du Québec	$4 500	
Interest on bank deposits and other revenue		$5 001
	4 500	5 001
EXPENDITURE		
Increase in the provision for claims payable		12 681
REVENUE IN EXCESS OF EXPENDITURE	4 500	(7 680)
(DEFICIT) SURPLUS AT THE BEGINNING	(4 342)	3 338
SURPLUS (DEFICIT) AT THE END	$158	($4 342)

BALANCE SHEET
as at March 31, 1990 and 1989

	1990	1989
ASSETS		
Cash	$158	$3 339
LIABILITIES		
Claims payable		$7 681
SURPLUS (DEFICIT)	$158	(4 342)
	$158	$3 339

On behalf of the Société,

Pierre Boisvert

SOCIÉTÉ DE LA MAISON DES SCIENCES ET DES TECHNIQUES

NOTE TO FINANCIAL STATEMENTS
March 31, 1990 and 1989

Constitution, purpose and termination of activities

The Société de la Maison des sciences et des techniques is an agency constituted under a special Act (R.S.Q., c. S-11.02). Its purpose is to provide for the establishment, administration and operation of the Maison des sciences et des techniques, as a means of promoting scientific and technical knowledge and awareness of the various sciences and technologies and their economic, social, cultural and environmental impacts.

On June 25, 1986, the Gouvernement du Québec suspended for an indefinite period the operations of the Société and assumed all its rights and duties from that date.

The Société remitted its cash amounting to $158 to the Gouvernement du Québec on August 30, 1990. Since that date, it is inactive, having neither assets nor liabilities.

AUDITOR'S REPORT

I have examined the balance sheets of the Société de la Maison des sciences et des techniques as at March 31, 1990 and 1989 as well as the statements of revenue and expenditure and surplus for the years then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Société as at March 31, 1990 and 1989 and the results of its operations for the years then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the year ended March 31, 1988.

The Auditor General of Québec,
Rhéal Chatelain, F.C.A.

Québec, November 6, 1990

SOCIÉTÉ DE LA PLACE DES ARTS DE MONTRÉAL
R.S.Q., c. S-12.1

REVENUE AND EXPENDITURE
for the year ended August 30, 1989

	1989	1988
REVENUE		
Rent	$3 092 408	$3 022 371
Royalties and entrance fees	993 458	1 025 311
Ancillary operations	2 553 955	2 377 346
Cultural events	312 882	245 793
Show production	325 527	166 847
Net financial revenue (Note 3)	157 155	444 181
Other	782 392	742 543
	8 217 777	8 024 392
EXPENDITURE (Note 4)		
Administrative services	5 377 504	4 695 425
Support services	4 404 977	4 768 818
Ancillary operations	1 268 759	1 206 342
Cultural events	460 430	329 233
Show production	508 389	247 046
Artistic direction	222 362	216 267
	12 242 421	11 463 131
EXPENDITURE IN EXCESS OF REVENUE	4 024 644	3 438 739
Gouvernement du Québec subsidy for operations excluding debt service	4 258 400	4 276 248
EXCESS OF SUBSIDY AND REVENUE OVER EXPENDITURE FOR THE YEAR, TO BE REMITTED TO THE GOUVERNEMENT DU QUÉBEC	$233 756	$837 509

EQUITY
for the year ended August 30, 1989

	1989	1988
OPENING BALANCE	$21 951 958	$20 587 109
Net increase in equity:		
Subsidy from the Gouvernement du Québec		
- for repayment of the long-term debt	803 000	286 000
- for the sinking fund (Note 5)	598 000	570 000
- for the production fund (Note 9)	50 000	
Amortization of major repairs and maintenance of fixed assets	(438 545)	
Amortization of deferred charges	(23 020)	(23 982)
	989 435	832 018
Sinking fund revenue (Note 5)	332 285	532 831
	1 321 720	1 364 849
CLOSING BALANCE	$23 273 678	$21 951 958

SOCIÉTÉ DE LA PLACE DES ARTS DE MONTRÉAL

CHANGES IN FINANCIAL POSITION
for the year ended August 30, 1989

	1989	1988
OPERATING ACTIVITIES		
Excess of subsidy and revenue over expenditure for the year, to be remitted to the Gouvernement du Québec	$233 756	$837 509
Changes in assets and liabilities related to operations	1 253 195	190 724
Funds generated by operating activities	1 486 951	1 028 233
FINANCING ACTIVITIES		
Long-term debt	9 467 518	19 503 000
Repayment of long-term debt	(1 870 749)	(16 972 923)
Subsidy from the Gouvernement du Québec		
- for repayment of the long-term debt	803 000	286 000
- for the sinking fund	598 000	570 000
- for the production fund	50 000	
Sinking fund revenue	332 285	532 831
Deferred charges -- bond issuance expenses		(28 460)
Funds generated by financing activities	9 380 054	3 890 448
INVESTMENT ACTIVITIES		
Acquisition of fixed assets	(12 157 723)	(3 176 657)
Investment in a joint venture	(50 000)	
Funds absorbed by investment activities	(12 207 723)	(3 176 657)
REMITTANCE TO THE GOUVERNEMENT DU QUÉBEC		
Accumulated excess of subsidies and revenue over expenditure at August 31, 1988	(1 440 881)	
(DECREASE) INCREASE IN LIQUID ASSETS	(2 781 599)	1 742 024
LIQUID ASSETS AT THE BEGINNING	2 316 734	574 710
(LIQUID ASSETS DEFICIENCY) LIQUID ASSETS AT THE END	($464 865)	$2 316 734

Bank overdraft includes the bank loan reduced by cash.

SOCIÉTÉ DE LA PLACE DES ARTS DE MONTRÉAL

BALANCE SHEET
as at August 30, 1989 (1988: August 31)

	1989	1988
ASSETS		
Cash	$35 135	$1 775 335
Term deposit		541 399
Accounts receivable	380 482	381 238
Subsidy receivable from the Gouvernement du Québec		2 079 673
Inventory and prepaid expenses	318 731	300 305
Investment in a joint venture, at cost (Note 9)	50 000	
Fixed assets (Note 6)	88 067 809	76 348 631
Deferred charges	413 399	436 419
	$89 265 556	$81 863 000
LIABILITIES		
Bank loan	$500 000	
Deposits -- rental and entrance fees	1 482 113	$1 600 001
Accounts payable and accrued expenses	1 416 114	1 107 134
Owed to the Gouvernement du Québec (Note 7)	233 756	1 440 881
Deferred subsidy from the Gouvernement du Québec		999 900
Long-term debt (Note 8)	62 359 895	54 763 126
	65 991 878	59 911 042
EQUITY	23 273 678	21 951 958
	$89 265 556	$81 863 000

PRODUCTION FUND (Note 9)

On behalf of the Board of Directors,

Danièle Touchette Robitaille
Alan B. Gold

NOTES TO FINANCIAL STATEMENTS
August 30, 1989

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1. Constitution and purpose

The Société de la Place des Arts de Montréal is a corporation within the meaning of the Civil Code and was incorporated under a special Act (R.S.Q., c. S-12.1) to administer the Place des Arts de Montréal, and to produce and present cultural shows and performances. Section 32 of this Act stipulates that sums received by the Société must be assigned to the fulfilment of its obligations and that the balance be remitted annually to the Consolidated Revenue Fund.

2. Accounting policies

The Société's financial statements have been prepared by management on the accrual basis in accordance with the accounting policies as disclosed hereunder. These statements include amounts based on best estimates and judgment.

Inventory

Inventory is valued at cost.

Fixed assets

Site

The Place des Arts site is recorded at cost.

Buildings, equipment, furniture and works of art

The amount recorded in the books for buildings, equipment, furniture and works of art includes the building construction costs, the cost of equipment, furniture and works of art acquired for the original arrangement, and the cost of interim financing during construction.

Buildings, equipment, furniture and works of art that have been capitalized are not depreciated.

Major repairs and maintenance of fixed assets

Major repairs and fixed assets maintenance are recorded at cost and are amortized under the same terms as the repayment of the principal on long-term borrowings contracted for them.

Considering the financing method for operations and the long-term debt of the Société provided by the Government, this amortization is charged directly against the Société's equity.

Cost includes materials, direct labour, indirect costs and interim financing charges.

Equipment, furniture and works of art

Purchases of equipment, furniture and works of art, except those included in major repairs and fixed assets maintenance, are charged to operations for the year.

Royalties on ticket sales

Revenue from the royalties on ticket sales in recorded when received.

Interest on the long-term debt

Interest on the long-term debt is recorded on the cash basis.

Deferred charges

Since August 30, 1984, discounts and issuance expenses on bonds of the long-term debt are deferred and amortized over the remaining life of the borrowings.

Considering the financing method for operations and the long-term debt of the Société provided by the Government, this amortization is charged directly against the Société's equity.

3. Net financial revenue

	1989	1988
Interest on bonds	($4 807 835)	($3 927 254)
Subsidy from the Gouvernement du Québec -- interest on bonds	4 807 835	3 927 254
Interest on bank loans	(5 077)	(730 786)
Interest allocated to buildings under construction		357 191
Interest allocated to major repairs and maintenance of fixed assets		643 191
Interest on bank deposits	162 232	174 585
	$157 155	$444 181

4. Compensation in lieu of taxes assumed by the Gouvernement du Québec

Pursuant to the provisions of the Act respecting municipal taxation, buildings belonging to the Société are exempt from all property, municipal and school taxes. Under that Act, the Gouvernement du Québec paid to the City of Montréal compensation in lieu of taxes on the Société's buildings of $6 519 953 for calendar year 1988 ($6 385 320 for 1987).

5. Sinking Fund

	1989	1988
Changes in fund balance during the year		
Balance at the beginning	($4 661)	$552 508
Subsidy from the Gouvernement du Québec	598 000	570 000
Fund revenue for the year:		
Gain on early redemption of bonds	329 670	526 913
Interest	2 615	5 918
	332 285	532 831
Repayment of long term debt	(999 000)	(1 660 000)
Debit balance at the end	($73 376)	($4 661)
The Fund debit balance consists of:		
Due to the general fund	$73 376	
Bank overdraft		$4 661

The liabilities of the sinking fund are combined in the financial statements of the Société.

NOTES TO FINANCIAL STATEMENTS (cont'd)
August 30, 1989

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6. Fixed assets

	1989	1988
Site, at cost	$6 948 642	$6 948 642
Buildings, equipment, furniture and works of art, at cost	41 865 959	41 865 959
	48 814 601	48 814 601
Buildings under construction, at cost (1)	15 482 934	4 140 249
Major repairs and maintenance of fixed assets, at unamortized cost (2)	23 770 274	23 393 781
	$88 067 809	$76 348 631

(1) Buildings under construction

The Gouvernement du Québec has authorized the Société to erect, on the site of Place des Arts, a building earmarked for housing the Musée d'Art contemporain de Montréal, a new theatre and a parking-lot, as well as to renovate the stage, the backstage and the north frontage of the Salle Wilfrid-Pelletier.

To finance those projects, the Société has been authorized by the Gouvernement du Québec to arrange interim financing. Principal and interest on those borrowings will be refinanced through bond issues, on terms to be fixed by the Government.

The authorized cost of this work and the maximum subsidy from the Gouvernement du Québec for its financing are as follows:

	Authorized cost of the work *	Maximum Government subsidy for financing **
Musée d'Art contemporain de Montréal	$26 238 500	
New theatre	2 200 000	
	28 438 500	$25 129 000
Parking-lot	6 000 000	6 000 000
Renovation -- Salle Wilfrid-Pelletier	11 144 800	11 144 800
	$45 583 300	$42 273 800

* Excluding interim financing costs.

** The $3 309 500 spread between the authorized cost of the work and the maximum subsidy from the Gouvernement du Québec for its financing represents additional costs resulting from the expanded size of the projects. Other sources will have to make up the difference.

6. **Fixed assets** (cont'd)

The accumulated cost of this construction work is as follows:

	1989	1988
Musée d'Art contemporain de Montréal		
Construction costs	$4 143 942	$2 815 457
Interim financing charges	852 092	617 920
	4 996 034	3 433 377
New theatre		
Construction costs	201 413	53 087
Interim financing charges	11 555	3 457
	212 968	56 544
Parking-lot		
Construction costs	5 523 783	498 692
Interim financing charges	271 254	12 676
	5 795 037	511 368
Renovation -- Salle Wilfrid-Pelletier		
Construction costs	4 398 370	138 960
Interim financing charges	80 525	
	4 478 895	138 960
	$15 482 934	$4 140 249

(2) Major repairs and fixed assets maintenance

The Gouvernement du Québec has authorized the Société to incur certain expenditures for the renewal and improvement of technical stage equipment and for renovation, rearrangement and major repairs to movable and immovable assets and to installations. The cost of this work was estimated at $21,6 million, not including interim financing charges. Moreover, the Gouvernement du Québec, under an asset maintenance program, authorized the Société to renovate buildings and to replace stage equipment for an amount of $1 M. At August 30, 1989, the cost of this work amounted to $2,2 million approximately.

The accumulated cost of this repair and maintenance work breaks down as follows:

	1989	1988
Acquisition cost	$20 398 528	$19 661 414
Interim financing charges	3 810 291	3 732 367
	24 208 819	23 393 781
Accumulated amortization charged against the Société's equity	(438 545)	
Unamortized cost	$23 770 274	$23 393 781

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7. Owed to the Gouvernement du Québec

	1989	1988
Balance at the beginning	$1 440 881	$603 372
Settlement by application against the operating subsidy for the year	1 440 881	–
		603 372
Excess of subsidies and revenue over expenditure for the year	233 756	837 509
Balance at the end	$233 756	$1 440 881

8. Long-term debt

	1989	1988
Bonds guaranteed by Gouvernement du Québec		
Issued April 15, 1965 -- $18 200 000 5,75% sinking fund bonds maturing April 15, 2005	$9 479 000	$10 478 000
Issued June 1, 1966 -- $13 000 000 6,25% in series, maturing from 1967 to 1991	661 000	964 000
6,25% sinking fund bonds from June 1, 1992 maturing June 1, 2006	8 392 000	8 392 000
	9 053 000	9 356 000
Issued November 6, 1980 -- $13 700 000, 12,50% and 13% in series, maturing from 1981 to 1990	3 000 000	3 000 000
13,50% sinking fund bonds from November 6, 1986, maturing November 6, 2000	4 000 000	4 000 000
	7 000 000	7 000 000
Issued February 19, 1985 -- $6 000 000, 12%, 12,20% and 12,25% in series, maturing from 1994 to 2003 and 2005	6 000 000	6 000 000
Issued February 16, 1988 -- $19 000 000 9% to 11,25%, maturing from 1989 to 2008	18 500 000	19 000 000
	50 032 000	51 834 000
Other borrowings		
Bank loans	9 838 150	1 946 272
Accounts payable and accrued expenses	2 312 138	736 498
Interest-free loan, repayable in 43 monthly instalments of $5 729, maturing in 1992	177 607	246 356
	12 327 895	2 929 126
	$62 359 895	$54 763 126

Bank loans, accounts payable and accrued expenses relate to buildings under construction as well as major repairs and fixed assets maintenance. They are included in the long-term debt because their repayment is expected to proceed from a long-term financing.

NOTES TO FINANCIAL STATEMENTS (cont'd)
August 30, 1989

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8. Long-term debt (cont'd)

The Gouvernement du Québec gives subsidies to provide for the bonded debt service.

Principal repayment over the next five years under redemption and sinking fund clauses of the bonded debt and the interest-free loan is as follows:

1989-1990	$1 515 750
1990-1991	4 565 750
1991-1992	1 590 106
1992-1993	9 604 000
1993-1994	1 838 000

9. Production fund

The Société has been authorized by the Gouvernement du Québec, on March 29, 1989 to constitute a production fund to cover the requirements of special show activities.

A maximum subsidy of $500 000 has been granted to the Société for this purpose, of which $50 000 was received during the year; the balance will be paid in 1989-1990.

The financial data for this fund have been combined with the Société's for purposes of financial statement presentation.

Balance sheet as at August 30, 1989

Assets	
Investment in a joint venture, at cost	$50 000
Balance of the fund	$50 000

Investment in a joint venture, at cost

On April 25, 1989, the Société entered into an agreement to produce a show jointly with two partners, thereby securing a 33 1/3% share in the results of a joint venture. At August 30, 1989, the Société had spent $50 000 to that end. The first fiscal year of this joint venture will end December 31, 1989.

10. Comparative figures

Certain figures for 1988 have been reclassified for consistency with the presentation adopted in 1989.

AUDITOR'S REPORT

I have examined the balance sheet of the Société de la Place des Arts de Montréal as at August 30, 1989 as well as the statement of revenue and expenditure, the statement of equity and the statement of changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Société as at August 30, 1989 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies disclosed in Note 2 applied on a basis consistent with that of the preceding year.

The Auditor General of Québec,
Rhéal Chatelain, F.C.A.

Québec, November 15, 1989

SOCIÉTÉ DE RÉCUPÉRATION, D'EXPLOITATION ET DE DÉVELOPPEMENT FORESTIERS DU QUÉBEC -- REXFOR

R.S.Q., c. S-12

CONSOLIDATED STATEMENT OF OPERATIONS AND RETAINED EARNINGS

for the year ended March 31, 1990
(in thousands of dollars)

	1990	1989
OPERATING REVENUE		
Forest	29 939	23 126
Sylviculture	23 060	7 590
Industrial	25 291	59 533
	78 290	90 249
OPERATING EXPENSES		
Forest	27 872	21 110
Sylviculture	23 476	7 742
Industrial	23 214	58 889
	74 562	87 741
GROSS PROFIT	3 728	2 508
Interest earnings (Note 4)	5 015	5 176
Subsidy from the Gouvernement du Québec		4 700
Other revenue	2 050	795
	10 793	13 179
Cost of special projects (Note 5)	335	434
General and administrative expenses	8 345	7 803
Financial expenses (Note 6)	1 806	2 999
	10 486	11 236
OPERATING PROFIT (LOSS)	307	1 943
Share of results of entreprises (Note 7)	(110)	7 667
Income tax credits	116	171
(Loss) Gain on disposal of investments	(344)	8 986
	(338)	16 824
(LOSS) PROFIT BEFORE EXTRAORDINARY ITEMS	(31)	18 767
EXTRAORDINARY ITEMS		(638)
NET (LOSS) PROFIT	(31)	18 129
RETAINED EARNINGS AT THE BEGINNING	40 807	22 678
RETAINED EARNINGS AT THE END	40 776	40 807

SOCIÉTÉ DE RÉCUPÉRATION, D'EXPLOITATION ET DE DÉVELOPPEMENT FORESTIERS DU QUÉBEC -- REXFOR

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
for the year ended March 31, 1990
(in thousands of dollars)

	1990	1989
OPERATING ACTIVITIES		
(Loss) Profit before extraordinary items	(31)	18 767
Items not affecting liquid assets		
Depreciation -- parent company	663	292
Depreciation -- subsidiaries and joint venture	1 224	2 482
Loss (Gain) on disposal of assets	49	(9 032)
Share of results of enterprises	783	(6 856)
Deferred income tax		(171)
Other	772	238
Changes in assets and liabilities related to operations	(6 852)	1 285
Liquid assets (absorbed) generated by operating activities	(3 392)	7 005
FINANCING ACTIVITIES		
Capital stock issue		17 500
Addition to the long-term debt	76 988	6 580
Government assistance		3
	76 988	24 083
Repayment of the long-term debt	(5 627)	(12 143)
Liquid assets generated by financing activities	71 361	11 940
INVESTMENT ACTIVITIES		
Acquisitions:		
Fixed assets	(2 507)	(5 342)
Investments	(64 886)	(71 230)
Other assets	(2 407)	(1 399)
Minority interests		(1 430)
	(69 800)	(79 401)
Proceeds of disposals:		
Fixed assets	57	20 516
Investments	3 805	31 909
Other assets	1 633	690
	5 495	53 115
Liquid assets absorbed by investment activities	(64 305)	(26 286)
INCREASE (DECREASE) IN LIQUID ASSETS	3 664	(7 341)
LIQUID ASSETS AT THE BEGINNING	6 414	13 755
LIQUID ASSETS AT THE END	10 078	6 414

The Société's liquid assets consist of cash and term deposits less bank loans.

SOCIÉTÉ DE RÉCUPÉRATION, D'EXPLOITATION ET DE DÉVELOPPEMENT FORESTIERS DU QUÉBEC -- REXFOR

CONSOLIDATED BALANCE SHEET
as at March 31, 1990
(in thousands of dollars)

	1990	1989
ASSETS		
CURRENT ASSETS		
Cash and term deposits	15 345	13 446
Accounts receivable and accrued interest	20 797	15 073
Subsidy receivable from the Gouvernement du Québec		4 700
Inventory (Note 8)	8 197	9 838
Prepaid expenses	382	225
Payments receivable on investments (Note 9)	1 635	3 210
	46 356	46 492
INVESTMENTS (Note 9)	215 603	152 976
FIXED ASSETS (Note 10)	16 431	15 929
OTHER ASSETS (Note 11)	1 652	2 425
	280 042	217 822
LIABILITIES		
CURRENT LIABILITIES		
Bank advances (Note 12)	5 267	7 032
Accounts payable and accrued expenses	6 208	10 520
Advances from the Gouvernement du Québec	1 500	4 500
Instalments on the long-term debt (Note 13)	767	764
	13 742	22 816
LONG-TERM DEBT (note 13)	95 317	23 976
DEFERRED GOVERNMENT ASSISTANCE	280	296
	109 339	47 088
SHAREHOLDER'S EQUITY		
CAPITAL STOCK		
Authorized:		
1 250 000 shares with a par value of $100 each		
Issued and fully paid: 1 250 000 shares	125 000	125 000
CONTRIBUTED SURPLUS (Note 14)	4 927	4 927
RETAINED EARNINGS	40 776	40 807
	170 703	170 734
	280 042	217 822

COMMITMENTS AND CONTINGENT LIABILITIES (Note 15)

On behalf of the Board of Directors,

Robert C. Darveau
François G. Tremblay

1. Constitution and purpose

The Société de récupération, d'exploitation et de développement forestiers du Québec -- REXFOR is a company whose shares are held in total by the Gouvernement du Québec. Under its Act of incorporation (R.S.Q., c. S-12), REXFOR is responsible for:

- reclaiming and working wooded areas of the public domain designated by the Government, and carrying out or supervising the necessary research work;
- regenerating through appropriate sylvicultural techniques, preserving and protecting forests and land designated for forestry purposes designated by the Government;
- stimulating the inception and the development of forest industries and the creation of new jobs.

2. Accounting policies

REXFOR consolidated financial statements are based on management's best estimates and judgment, and have been prepared in accordance with generally accepted accounting principles in accordance with the accounting policies as disclosed hereunder:

Consolidation

The consolidated financial statements include the accounts of REXFOR, those of consolidated subsidiaries as well as the appropriate share of each asset, liability, revenue and expenditure of the joint venture.

Consolidated enterprises

Wholly-owned subsidiaries:

Proforêt Inc.
Les Produits forestiers Bellerive-Ka'N'Enda Inc.
Gestion 1195 Inc.
Produits forestiers St-Alphonse Inc.
Les Bois de l'Est du Québec (1985) Inc.
Les Bois de l'Est du Québec (1986) Inc.
Énerbois Inc.

Joint venture:

Scierie Grand Remous Enr.

Excluded enterprise:

Lignarex Inc. (52,37% interest)

This subsidiary is in process of dissolution.

Inventory

Lumber, supplies and fuel are valued at the lower of cost, by the FIFO or the average cost method, and net realizable or replacement value.

Cost includes raw materials, direct labour and factory overhead, less the net realizable value of by-products where applicable.

Investments

REXFOR records investments at equity value when its proportion of securities with voting rights of an issuing company enables it to exercise a significant influence on the financial and administrative decisions of the company. Interests in limited partnerships and in the subsidiary in process of dissolution are also recorded at equity value.

Other investments are recorded at cost less any permanent loss in value. The allowance for loss on loans and advances is established on a case by case basis.

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2. Accounting policies (cont'd)

Fixed assets

Fixed assets are recorded at cost. The cost of fixed assets built by REXFOR for its own use includes materials, direct labour, part of general expenses and the financial expenses incurred during construction.

Depreciation is calculated by the straight-line method. The following annual rates are used, varying according to the service life of the asset.

	Rates
Land development	from 2,50% to 10,00%
Logging roads *	from 10,00% to 33,33%
Buildings and logging camps	from 2,50% to 33,33%
Machinery and equipment	from 6,67% to 20,00%
Data processing equipment	20,00%
Automotive equipment	from 10,00% to 33,33%

During temporary shutdown of mills or forestry divisions, depreciation is not charged on fixed assets directly related to production.

* Some subsidiaries depreciate logging roads in proportion of the volume cut during the year to the total volume to be cut.

Other assets

Start-up and software development costs are amortized by the straight-line method at rates of 20% and 33%. The cost of preliminary studies for various projects is deferred and subsequently charged to operations or capitalized, depending on the results of the studies.

The excess of the price paid for shares over the book value of the net assets acquired is amortized and charged to operations over 20 years.

Land, buildings, machinery and equipment for resale are valued at the lower of amortized cost and net realizable value.

Deferred Government assistance

Subsidies for the acquisition of fixed assets and for job creation are recorded as deferred Government assistance and shown as a liability. Subsidies for the acquisition of fixed assets are transferred to operations by the same method and at the same rates as the subsidized fixed assets. Subsidies related to job creation are transferred to operations as the conditions placed on the subsidies are met.

Foreign currency translation

Assets and liabilities valued in foreign currency are translated into Canadian dollars at the rate in effect on the date of the balance sheet. Unrealized gains or losses on foreign exchange are charged to operations for the year.

3. Proportionate consolidation of a joint venture

At March 31, 1990, the REXFOR share of assets, liabilities, revenue and expenditure of the joint venture "Scierie Grand Remous Enr.", recorded by the proportionate consolidation method, breaks down as follows:

	1990	1989
Assets	5 843	7 830
Liabilities	6 214	7 204
Revenue	6 878	14 782
Expenditure	7 875	15 901

4. Interest revenue

	1990	1989
Interest on cash and term deposits	2 317	1 398
Interest on loans, advances and bonds	2 698	3 778
	5 015	5 176

5. Cost of special projects

	1990	1989
Loss on special purchase and sale of ligneous materials	132	
Cancelled projects	203	96
Allowance for loss in value of an investment made under a program to reinvigorate an enterprise		338
	335	434

6. Financial expenses

	1990	1989
Interest on the long-term debt	1 257	2 461
Other interest	549	538
	1 806	2 999

7. Share of the results of enterprises

The share of the results of enterprises for which the investment is shown at equity value is as follows:

	1990	1989
Subsidiary excluded from consolidation	43	50
Companies subject to significant influence	(790)	7 106
Limited partnership	637	511
	(110)	7 667

8. Inventory

	1990	1989
Rough timber	5 053	6 748
Lumber	1 721	2 149
Other wood	797	391
Supplies and fuel	626	550
	8 197	9 838

SOCIÉTÉ DE RÉCUPÉRATION, D'EXPLOITATION ET DE DÉVELOPPEMENT FORESTIERS DU QUÉBEC -- REXFOR

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990
(in thousands of dollars)

9. Investments

	1990	1989
At equity value		
Investments in a subsidiary excluded from consolidation	258	258
Share of retained earnings since date of acquisition	(87)	(130)
	171	128
Investments in a limited partnership	3 000	3 000
Share of retained earnings since date of acquisition	2 999	2 361
	5 999	5 361
Investments in companies subject to significant influence	174 073	112 399
Share of retained earnings since date of acquisition	13 710	15 173
	(a) 187 783	127 572
	193 953	133 061
At cost		
Preferred shares	108	108
Mortgage loans		145
Bonds and debentures	20 111	20 289
Loans and advances		
with interest		53
without interest	3 066	2 950
	23 285	23 545
Allowance for loss on loans and advances		420
	217 238	156 186
Instalments receivable within the next year	1 635	3 210
	215 603	152 976

(a) This amount includes an investment recorded at $30 049 000, whose market value is $25 746 000.

10. Fixed assets

	1990			1989
	Cost	Accumulated depreciation	Net	Net
Land and development	1 190	79	1 111	948
Logging roads	71	71		17
Buildings and logging camps	8 375	3 489	4 886	5 309
Machinery and equipment	14 040	5 750	8 290	8 279
Data processing equipment	1 587	1 049	538	244
Automotive equipment	3 467	1 861	1 606	1 132
	28 730	12 299	16 431	15 929

10. Fixed assets (cont'd)

Depreciation on fixed assets for the year amounts to $2 049 000 ($2 913 000 in 1988-1989) after deducting the amortization of deferred Government assistance for $13 000 ($686 000 in 1988-1989).

11. Other assets

	1990	1989
Start-up expenses -- at unamortized cost	593	676
Computer software development expenses -- at unamortized cost	328	349
Cost of preliminary studies for investment projects	574	655
Excess of purchase price of shares over book value of net assets acquired -- at unamortized cost		344
Land, buildings, machinery and equipment for resale	101	101
Other	56	300
	1 652	2 425

12. Bank loans

Accounts receivable and inventories are pledged as security for certain bank loans.

13. Long-term debt

	1990	1989
Rexfor		
Advances from the Gouvernement du Québec:		
- Interest-free to finance the agreement reached August 17, 1971 with Les Industries I.T.T. du Canada Ltée, payable between 1997 and 2000: balance of advances amounting to $13 680 000, present value at the rate of 11,50% per year	5 132	4 603
- With interest capitalized at the prime rate plus 1%, without repayment terms	3 828	3 463
- Interest-free, without repayment terms	5 000	5 000
- Interest-free, repayable in parallel with the repayment of the investment related to this advance	74 600	
Gestion 1195 Inc.		
- Mortgage loans, 11,75%, repayable by monthly instalments of $22 000 including principal and interest, maturing September 1, 1990	1 940	1 983
Les Produits forestiers Bellerive-Ka'N'Enda Inc.		
- Line of credit, interest at prime rate, renewable annually beginning April 1990 or convertible into term loan bearing interest at prime rate plus ¼% the first two years and 3/8% thereafter, repayable in 60 equal, consecutive monthly instalments, secured by first mortgage	2 500	1 019
Scierie Grand Remous Enr.		
- Loan, variable interest rate, repayable by quarterly instalments of $150 000, maturing in 1993	2 100	2 550
Les Bois de l'Est du Québec (1985) Inc.		
- Banker's acceptances, prime rate, renewable each year		5 000
Other -- less than $500 000	984	1 122
	96 084	24 740
Instalments within the next fiscal year	767	764
	95 317	23 976

13. Long-term debt (cont'd)

Certain assets are pledged as security for bank loans.

Principal repayment over the next five years is as follows:

1990-1991 -- $767 000, 1991-1992 -- $764 000, 1992-1993 -- $771 000, 1993-1994 -- $414 000, 1994-1995-- $77 000.

14. Contributed surplus

The contributed surplus essentially represents the remission, on June 20, 1973, of advances made by the Gouvernement du Québec.

15. Commitments and contingent liabilities

Commitments

- REXFOR has signed a supply contract with one of its companies subject to significant influence for 426 000 cubic metres of ligneous materials per year until March 31, 1994.
- Under an agreement, REXFOR guaranteed the execution of a ligneous materials supply contract between one of its subsidiaries and an affiliated company according to a schedule covering from April 1989 to December 1993. Under this contract, the affiliated company commits itself to buy from the subsidiary at least 50% of the ligneous materials necessary for its plant, whose total consumption of ligneous materials is annually estimated at 80 000 anhydrous metric tons.

Contingent liabilities

- REXFOR is committed to guarantee 50% of a loan granted to a company subject to significant influence, as financing for extra start-up costs. The maximum amount of the guarantee is set at $15 000 000 and is in turn guaranteed by the Gouvernement du Québec.
- REXFOR is committed to guarantee 10% of a loan granted to a company subject to significant influence, as financing for the planned installation of a bleached chemico-thermomechanical pulp plant. The maximum amount of the guarantee is set at $14 700 000 and is in turn guaranteed by the Gouvernement du Québec.
- REXFOR is being sued for an amount of $2 600 000 in damages concerning its withdrawal of an offer to purchase the assets of a group of companies. A Court decision was rendered in favour of REXFOR; however, the decision has been appealed.
- REXFOR has received a legal claim for $1 400 000 from a contractor concerning a clean-up of debris in the head-gate of the Outardes river. REXFOR was sentenced under a Superior Court decision to pay $20 000 plus concomitant interest, which was paid in April 1988. The plaintiff has appealed this decision.
- Various lawsuits are in process against REXFOR for an amount of $1 050 000.

Any amount that REXFOR could be called upon to pay in connection with the preceding events will be charged to the then current year.

16. Eventual tax benefit

Subsidiaries benefit from an amount of $6 387 000 as investment tax credit, of $3 000 000 losses applicable against taxable income until 1995 and of $2 000 000 in capital losses carried forward indefinitely. The eventual tax benefit has not been recorded.

17. Related party transactions

Accounts receivable and accrued interest include $13 901 000 to be received from companies subject to significant influence. During the year, REXFOR and its subsidiaries engaged in transactions in the normal course of business with companies over which they exercise significant influence and with the subsidiary excluded from consolidation. These related party transactions include operating revenue of $35 559 000, operating costs of $365 000, investment earnings of $3 700 000 and miscellaneous income of $235 000.

18. Comparative figures

Certain figures for 1989 have been reclassified for consistency with the presentation adopted in 1990.

AUDITOR'S REPORT

I have examined the consolidated balance sheet of the Société de récupération, d'exploitation et de développement forestiers du Québec- REXFOR as at March 31, 1990 as well as the consolidated statement of operations and retained earnings and the consolidated statement of changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these consolidated financial statements present fairly the financial position of the Société as at March 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

On behalf of the Auditor General of Québec,
Guy Breton, F.C.A.
Assistant Auditor General

Québec, May 23, 1990

SOCIÉTÉ DES ALCOOLS DU QUÉBEC

R.S.Q., c. S-13

OPERATING STATEMENT

for the 53-week period ended March 31, 1990
(in thousands of dollars)

	1990	1989
SALES (Note 3)	1 051 708	1 040 916
OPERATING EXPENSES		
Cost of goods sold	487 020	486 676
Sales, marketing, distribution and administration	168 755	162 865
	655 775	649 541
PROFIT BEFORE INTEREST, DEPRECIATION AND EXTRAORDINARY ITEM	395 933	391 375
Interest on short-term borrowings	3 624	2 676
Interest relating to a commitment under a capital lease	1 666	1 678
Depreciation on fixed assets	4 907	5 267
Depreciation on building leased under a capital lease	407	407
	10 604	10 028
NET PROFIT BEFORE EXTRAORDINARY ITEM	385 329	381 347
EXTRAORDINARY ITEM		
Gain on land disposal	2 320	
NET PROFIT	387 649	381 347

RETAINED EARNINGS

for the 53-week period ended March 31, 1990
(in thousands of dollars)

	1990	1989
OPENING BALANCE	980	633
Net profit	387 649	381 347
	388 629	381 980
Dividend to the Minister of Finance	385 000	381 000
CLOSING BALANCE	3 629	980

SOCIÉTÉ DES ALCOOLS DU QUÉBEC

CHANGES IN FINANCIAL POSITION
for the 53-week period ended March 31, 1990
(in thousands of dollars)

	1990	1989
OPERATING ACTIVITIES		
Net profit	387 649	381 347
Items involving no change in liquid assets		
Depreciation	5 314	5 674
Gain on disposal of fixed assets		
Land sale	(2 320)	
Other	(91)	
Increase in the provision for accumulated sick leave credits	500	500
	391 052	387 521
Net change in working capital items that do not constitute liquid assets	(14 965)	43 924
Funds generated by operating activities	376 087	431 445
INVESTMENT ACTIVITIES		
Acquisition of fixed assets	(4 859)	(5 724)
Sale of fixed assets	3 562	369
Funds absorbed by investment activities	(1 297)	(5 355)
FINANCING ACTIVITIES		
Repayment of the commitment under a capital lease: funds absorbed by financing activities	(153)	(138)
DISTRIBUTIONS TO THE SHAREHOLDER		
Dividend: funds absorbed by distributions	(472 000)	(250 000)
INCREASE (DECREASE) IN LIQUID ASSETS	(97 363)	175 952
LIQUID ASSETS (DEFICIENCY) AT THE BEGINNING	69 738	(106 214)
LIQUID ASSETS (DEFICIENCY) AT THE END (Note 4)	(27 625)	69 738

SOCIÉTÉ DES ALCOOLS DU QUÉBEC

BALANCE SHEET
as at March 31, 1990
(in thousands of dollars)

	1990	1989
ASSETS		
CURRENT ASSETS		
Cash		11 238
Term deposits	15 200	58 500
Accounts receivable	17 876	20 223
Inventories	115 367	96 186
Expenses deferred to the next year	6 421	6 596
	154 864	192 743
FIXED ASSETS (Note 5)	44 390	45 589
BUILDING UNDER A CAPITAL LEASE (Note 6)	10 989	11 396
	210 243	249 728
LIABILITIES		
CURRENT LIABILITIES		
Bank overdraft	42 825	
Accounts payable and accrued expenses	57 299	55 586
Dividend	50 000	137 000
	150 124	192 586
PROVISION FOR ACCUMULATED SICK LEAVE	11 600	11 100
COMMITMENT UNDER A CAPITAL LEASE (Note 7)	14 890	15 062
	176 614	218 748
SHAREHOLDER'S EQUITY		
CAPITAL STOCK		
Authorized		
300 000 shares with a par value of $100 each		
Issued and paid		
300 000 shares	30 000	30 000
RETAINED EARNINGS	3 629	980
	33 629	30 980
	210 243	249 728

CONTINGENT LIABILITY (Note 8)

On behalf of the Board of Directors,

Alain Cousineau, Director
Jean-Marc Baronet, Director

NOTES TO FINANCIAL STATEMENTS
March 31, 1990
(in thousands of dollars)

1. Constitution

The Société has been constituted under a Québec Act.

2. Main accounting policies

The financial statements have been prepared in accordance with generally accepted accounting principles and with the accounting policies as disclosed hereunder:

Inventory

Inventory is valued at the lower of cost and net realizable value. The FIFO method is used to calculate the cost of inventory.

Fixed assets

Depreciation is calculated by the straight-line method, except for depreciation on automotive equipment which is calculated by the diminishing balance method. The following rates are used:

Buildings	2,5% and 10%
Furniture and equipment	rate varying between 2,8% and 50%
Automotive equipment	rate varying between 20% and 30%
Leasehold improvements	according to the term of the lease
Paving and parking	8%

Building under a capital lease

Depreciation is calculated by the straight-line method, at 2,5%.

3. Sales

	1990	1989
Authorized distributors		
Sales	204 527	199 204
Discounts	29 320	29 793
	175 207	169 411
Branches		
Sales	876 501	871 505
	1 051 708	1 040 916

4. Liquid assets

	1990	1989
Cash (Bank overdraft)	(42 825)	11 238
Term deposits	15 200	58 500
	(27 625)	69 738

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990
(in thousands of dollars)

5. Fixed assets

	Cost	Accumulated depreciation	Depreciated cost	
			1990	1989
Land	5 082		5 082	6 054
Buildings	18 445	5 104	13 341	11 685
Furniture and machinery	55 944	35 354	20 590	22 249
Automotive equipment	3 909	2 309	1 600	1 295
Leasehold improvements	12 630	9 560	3 070	3 651
Paving and parking	1 140	433	707	655
	97 150	52 760	44 390	45 589

6. Building under a capital lease

	Book value	Accumulated depreciation	Depreciated cost	
			1990	1989
Building	16 280	5 291	10 989	11 396

7. Commitment under a capital lease

	1990	1989
Commitment concerning the leased building, payable until April 11, 2012 in monthly instalments of $151 658 including interest calculated at 11%	15 062	15 215
Payments falling due within one year	172	153
	14 890	15 062

Payments due in subsequent years:

	Principal	Interest	Total
1991	172	1 648	1 820
1992	191	1 629	1 820
1993	214	1 606	1 820
1994	238	1 582	1 820
1995	266	1 554	1 820
1996-2012	13 981	17 012	30 993
	15 062	25 031	40 093

8. Contingent liability

Following the cancellation of the proposed privatization of a number of branches in its network, the Société des alcools du Québec has been sued by certain tenderers in order to secure a franchise and/or to claim an indemnity.

With regard to these lawsuits, should it be necessary to settle claims for amounts now impossible to specify, the resulting loss would be charged to the results for the then current year.

9. Pension plan

An actuarial valuation of liabilities resulting from service prior to December 31, 1975 has been set at $88,8 million. The Société des alcools du Québec repays the Commission administrative des régimes de retraite et d'assurances for this amount plus attendant interest, in 23 consecutive yearly instalments of $10,35 million each, since December 31, 1978.

10. Commitments

Under the terms of operating leases, the Société has agreed to pay a total of $51,4 million to lease branches and certain warehouses. Payments for the coming years are as follows:

	(in millions of dollars)
1991	12,6
1992	10,5
1993	8,1
1994	6,4
1995	4,4
1996 to 2004	9,4

11. Comparative figures

Figures for the preceding year cover the 52-week period ended March 25, 1989. The presentation of some items for the preceding year has been modified in accordance with this year's presentation.

AUDITORS' REPORT

Mr. Gérard D. Levesque
Minister of Finance
Shareholder of the
Société des alcools du Québec

We have examined the balance sheet of the Société des alcools du Québec as at March 31, 1990 and the operating statement and the statements of retained earnings and changes in financial position for the 53-week period ended at that date. We obtained all the information and explanations we requested. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, based on the information and explanations we received and that shown on the books of the Société des alcools du Québec, these financial statements present fairly the financial position of the Société as at March 31, 1990 and the results of the Société's operations and the changes in its financial position for the 53-week period ended at that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Maheu Noiseux
Chartered Accountants

Montréal, April 30, 1990

SOCIÉTÉ DES ÉTABLISSEMENTS DE PLEIN AIR DU QUÉBEC
R.S.Q., c. S-13.01

OPERATING STATEMENT
for the year ended May 31, 1990
(in thousands of dollars)

	1990	1989
GROSS REVENUE (Appendix A)	30 936	29 610
DIRECT EXPENSES (Appendix B)	27 353	24 921
OPERATING PROFIT (Appendix A)	3 583	4 689
OTHER EXPENDITURE		
Interest on long-term debt (Appendix C)	(2 972)	(2 228)
Depreciation (Appendix C)	(3 114)	(2 623)
	(6 086)	(4 351)
LOSS (APPENDIX A)	(2 503)	(162)
HEAD OFFICE EXPENSES (APPENDIX A)	(3 178)	(3 077)
LOSS BEFORE EXTRAORDINARY ITEM	(5 681)	(3 239)
EXTRAORDINARY ITEM		579
NET LOSS	(5 681)	(2 660)

DEFICIT
for the year ended May 31, 1990
(in thousands of dollars)

	1990	1989
OPENING DEFICIT	(8 707)	(6 047)
Add:		
Net loss	(5 681)	(2 660)
CLOSING DEFICIT	(14 388)	(8 707)

SOCIÉTÉ DES ÉTABLISSEMENTS DE PLEIN AIR DU QUÉBEC

CHANGES IN FINANCIAL POSITION
for the year ended May 31, 1990
(in thousands of dollars)

	1990	1989
OPERATING ACTIVITIES		
Loss before extraordinary item	(5 681)	(3 239)
Operating item not affecting liquid assets:		
Depreciation on fixed assets	3 200	2 699
Loss on disposal of fixed assets	230	
Net change in other items	5 428	(4 568)
	3 177	(5 108)
FINANCING ACTIVITIES		
Issue of capital stock	5 500	7 751
Increase in the long-term debt	6 129	6 732
Decrease in the long-term debt	(1 177)	(3 654)
	10 452	10 829
INVESTMENT ACTIVITIES		
Acquisition of fixed assets (Note 4)	(13 625)	(8 138)
Proceeds of disposal of fixed assets	163	665
Subsidies for fixed assets (Note 4)	752	1 511
	(12 710)	(5 962)
INCREASE (DECREASE) IN LIQUID ASSETS	919	(241)
OPENING LIQUID ASSETS	85	326
CLOSING LIQUID ASSETS	1 004	85

Liquid assets of the Société consist of cash.

SOCIÉTÉ DES ÉTABLISSEMENTS DE PLEIN AIR DU QUÉBEC

BALANCE SHEET
as at May 31, 1990
(in thousands of dollars)

	1990	1989
ASSETS		
CURRENT ASSETS		
Cash	1 004	85
Accounts receivable -- customers and other	512	3 182
Inventory	591	538
Short-term investments (Note 3)	977	3 948
Expenses deferred to next year	1 962	1 854
	5 046	9 607
FIXED ASSETS (Note 4)	56 901	47 621
OTHER ASSETS (Note 5)	3 000	3 000
	64 947	60 228
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	3 193	3 334
Customer deposits	4 236	4 147
Long-term debt maturing during the next year (Note 6)	1 766	1 191
	9 195	8 672
LONG-TERM DEBT (Note 6)	27 601	23 224
	36 796	31 896
SHAREHOLDER'S EQUITY		
Capital stock (Note 7)	42 539	37 039
Deficit	(14 388)	(8 707)
	28 151	28 332
	64 947	60 228

CONTRACTUAL COMMITMENTS (Note 8)

On behalf of the Board of Directors,

Paul Phaneuf, Director
Raymond E. Lavoie, Director

SOCIÉTÉ DES ÉTABLISSEMENTS DE PLEIN AIR DU QUÉBEC

ADDITIONAL INFORMATION
for the year ended May 31, 1990
(in thousands of dollars)

A -- RESULTS BY ESTABLISHMENT

	Gross revenue		Operating profit (loss)		Profit (Loss)	
	May 31 1990	May 31 1989	May 31 1990	May 31 1989	May 31 1990	May 31 1989
STATION TOURISTIQUE DU PARC DU MONT STE-ANNE	14 589	14 660	2 641	4 006	(1 938)	178
HUNTING AND FISHING OUTFITTERS						
Réserve de l'Île d'Anticosti	5 066	4 549	496	629	(145)	195
Réserve faunique des Laurentides	3 963	3 474	178	244	(117)	56
Réserve faunique de La Vérendrye	849	720	300	207	246	168
Salmon rivers						
St-Jean	216	163	55	8	46	1
Ste-Anne	99	96	47	41	35	41
Matapédia and Patapédia	409	426	110	60	54	32
	10 602	9 428	1 186	1 189	119	493
HOTEL SERVICES						
Manoir Montmorency	2 224	2 214	(386)	(440)	(506)	(553)
Auberge de Fort Prével	698	776	(6)	(141)	(122)	(246)
Gîte du Mont-Albert	833	846	(42)	(235)	(127)	(284)
	3 755	3 836	(434)	(816)	(755)	(1 083)
TOURIST CENTRES AND CAMPGROUNDS						
Village historique de Val-Jalbert	523	435	31	32	(40)	4
Baie de Percé	99	91	33	27	22	23
Fort Témiscamingue	25	21	(16)	(16)	(19)	(19)
Kénogami	98	90	(62)	(63)	(77)	(75)
Parc des Voltigeurs	233	269	(57)	(36)	(76)	(51)
Haute Gatineau	14	25	(71)	(91)	(71)	(91)
Petite-Rouge	314	224	(92)	(107)	(92)	(107)
Lac Simon	308	288	97	59	97	59
Lac Leslie	39	29	(61)	(57)	(61)	(57)
Lac de l'Argile	337	214	(112)	(186)	(112)	(186)
Subsidy -- Outaouais			500	750	500	750
	1 990	1 686	190	312	71	250
TOTAL FOR THE ESTABLISHMENTS	30 936	29 610	3 583	4 689	(2 503)	(162)
HEAD OFFICE EXPENSES					(3 178)	(3 077)
LOSS BEFORE EXTRAORDINARY ITEM					(5 681)	(3 239)

ADDITIONAL INFORMATION (cont'd)
for the year ended May 31, 1990
(in thousands of dollars)

B -- DIRECT EXPENSES BY NATURE, BY ESTABLISHMENT

	Salaries and wages		Other direct expenses		Total direct expenses	
	May 31 1990	May 31 1989	May 31 1990	May 31 1989	May 31 1990	May 31 1989
STATION TOURISTIQUE DU PARC DU MONT STE-ANNE	6 110	5 592	5 838	5 064	11 948	10 656
HUNTING AND FISHING OUTFITTERS						
Réserve de l'Île d'Anticosti	2 074	1 876	2 496	2 044	4 570	3 920
Réserve faunique des Laurentides	2 170	1 939	1 615	1 291	3 785	3 230
Réserve faunique de La Vérendrye	272	262	277	251	549	513
Salmon rivers						
St-Jean	110	101	51	54	161	155
Ste-Anne	41	47	11	8	52	55
Matapédia and Patapédia	224	255	75	111	299	366
	4 891	4 480	4 525	3 759	9 416	8 239
HOTEL SERVICES						
Manoir Montmorency	1 355	1 332	1 255	1 322	2 610	2 654
Auberge de Fort Prével	330	411	374	506	704	917
Gîte du Mont-Albert	417	534	458	547	875	1 081
	2 102	2 277	2 087	2 375	4 189	4 652
TOURIST CENTRES AND CAMPGROUNDS						
Village historique de Val-Jalbert	254	211	238	192	492	403
Baie de Percé	35	33	31	31	66	64
Fort Témiscamingue	25	23	16	14	41	37
Kénogami	74	71	86	82	160	153
Parc des Voltigeurs	134	128	156	177	290	305
Haute Gatineau	43	60	42	56	85	116
Petite-Rouge	248	198	158	133	406	331
Lac Simon	134	122	77	107	211	229
Lac Leslie	57	51	43	35	100	86
Lac de l'Argile	242	193	207	207	449	400
Subsidy -- Outaouais	(289)	(487)	(211)	(263)	(500)	(750)
	957	603	843	771	1 800	1 374
TOTAL FOR THE ESTABLISHMENTS	14 060	12 952	13 293	11 969	27 353	24 921
HEAD OFFICE	2 223	2 080	863	921	3 086	3 001
TOTAL -- DIRECT EXPENSES	16 283	15 032	14 156	12 890	30 439	27 922

ADDITIONAL INFORMATION (cont'd)
for the year ended May 31, 1990
(in thousands of dollars)

C -- OTHER EXPENSES BY NATURE, BY ESTABLISHMENT

	Interest on the long-term debt		Depreciation		Total other expenses	
	May 31 1990	May 31 1989	May 31 1990	May 31 1989	May 31 1990	May 31 1989
STATION TOURISTIQUE DU PARC DU MONT STE-ANNE	2 443	1 963	2 136	1 863	4 579	3 826
HUNTING AND FISHING OUTFITTERS						
Réserve de l'Île d'Anticosti	257	119	384	315	641	434
Réserve faunique des Laurentides	133	70	162	118	295	188
Réserve faunique de La Vérendrye	13	5	41	34	54	39
Salmon rivers						
St-Jean	5	5	4	2	9	7
Ste-Anne	6		6		12	
Metapédia and Patapédia	21	6	35	22	56	28
	435	205	632	491	1 067	696
HOTEL SERVICES						
Manoir Montmorency			120	113	120	113
Auberge de Fort Prével	13	26	103	79	116	105
Gîte du Mont-Albert	42	21	43	28	85	49
	55	47	266	220	321	267
TOURIST CENTRES AND CAMPGROUNDS						
Village historique de Val-Jalbert	33	13	38	15	71	28
Baie de Percé	4		7	4	11	4
Fort Témiscamingue			3	3	3	3
Kénogami			15	12	15	12
Parc des Voltigeurs	2		17	15	19	15
	39	13	80	49	119	62
TOTAL FOR THE ESTABLISHMENTS	2 972	2 228	3 114	2 623	6 086	4 851
HEAD OFFICE	6		86	76	92	76
TOTAL -- OTHER EXPENSES	2 978	2 228	3 200	2 699	6 178	4 927

SOCIÉTÉ DES ÉTABLISSEMENTS DE PLEIN AIR DU QUÉBEC

NOTES TO FINANCIAL STATEMENTS
May 31, 1990
(in thousands of dollars)

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1. Incorporation

The Société was founded under the Act respecting the Société des établissements de plein air du Québec (R.S.Q., c. S-13.01) which was assented to December 21, 1984.

2. Accounting policies

a) Valuation of inventory

Inventory is valued at the lower of cost (average cost method) and net realizable value.

b) Fixed assets and depreciation

Fixed assets are recorded at acquisition cost, except those which were transferred to the Société by order-in-council in 1985-1986, 1986-1987 and 1988-1989.

The overall value of assets transferred to the Société breaks down as follows:

-- establishments recording a deficit have been transferred at a nominal value, except those whose land value has been established at the municipal assessed value;

-- the value of the remaining facilities is based on the net revenue generated, on the basis of a block sale.

Depreciation of fixed assets is calculated by the straight-line method at the following rates (except for the year of acquisition, when half that rate is applied regardless of the date of acquisition):

Buildings, ski trails and artificial snow making (including infrastructures and access roads)	4%
Mechanical lifts, including installation	5%
Automotive equipment, including heavy machinery used on the mountain	14% to 20%
Furniture, equipment and leasehold improvements	20%

The costs related to the development at the foot of Mont Sainte-Anne are amortized by the straight-line method over a period of fifteen years beginning the year the village at the foot of the Mont Sainte-Anne ski slopes opened.

c) Capital leases

Fixed assets under capital leases are recorded at cost, i.e. at the present value of minimum payments under the lease, reduced by included incidental expenses.

Depreciation on these assets is calculated on their expected useful life by the straight-line method at the following rates:

Mechanical lifts	5%
Equipment	20%
Automotive equipment	14%

d) Income taxes

Under its Act of incorporation, all Société shares are assigned to the Minister of Finance of the Province of Québec; the Société is therefore not subject to income tax, then.

2. Accounting policies (cont'd)

e) Pension plan

The Société's employees are covered by the pension plans for government and public agency employees. The Société's contribution to these plans has been set by the Commission administrative des régimes de retraite et d'assurances du Québec and covers current service. There has been no actuarial valuation for Société employees.

f) Governmental assistance

Subsidies related to fixed assets are accounted for as a reduction of the latter. Subsidies for operating costs are accounted for as a reduction of the latter.

3. Short-term investments

	1990	1989
Bank acceptances, 13,55% and 13,65%, maturing July 4, 1990 and August 31, 1990	977	3 948

4. Fixed assets

	Balance at May 31, 1989	Acquisitions	Subsidies	Disposals	Balance at May 31, 1990
Cost and transferred value					
Land	5 020			9	5 011
Buildings, ski trails and infrastructures	19 644	4 096	433	6	23 301
Mechanical lifts	2 386	8 212	195	287	10 116
Artificial snow making	14 105	743			14 848
Automotive equipment	2 196	549	65	334	2 346
Furniture, equipment and leasehold improvements	3 017	605	59	67	3 496
Work in progress	1 040	(580)			460
	47 408	13 625	752	703	59 578
Goods rented under capital leases					
Equipment and mechanical lifts	7 458				7 458
Automotive equipment	290				290
	7 748				7 748
Total cost	55 156	13 625	752	703	67 326
Accumulated depreciation					
Cost and transferred value	7 129	2 361		310	9 180
Goods rented under capital leases	406	839			1 245
	7 535	3 200		310	10 425
Net value	47 621	10 425	752	393	56 901

NOTES TO FINANCIAL STATEMENTS (cont'd)
May 31, 1990
(in thousands of dollars)

5. Other assets

	1990	1989
Costs related to the development at the foot of the slopes of Parc du Mont-Sainte-Anne Purchase of exclusive commercial rights	3 000	3 000

6. Long-term debt

	1990	1989
Loans, secured by a trust deed providing a specific and a floating charge on the facilities of Parc du Mont-Ste-Anne, for an initial amount of $18 983, amortized over period of 15 to 25 years, bearing interest at the weighted average rate of 10,43%, maturing in years between 2005 and 2013	17 878	12 921
Loan, secured by a mortgage on the Société's establishments other than Parc du Mont Sainte-Anne and Manoir Montmorency, for an initial amount of $4 786, amortized over a 15-year period, with interest at the weighted average rate of 11,94%, maturing in 2004	4 487	4 157
Owed under capital leases, for initial amounts totalling $7 638, guaranteed by mechanical lifts and other equipment rented under such contracts, payable over 12 to 14 years, with interest at the weighted average rate of 10,64%, maturing in 2000 an 2001	6 792	7 119
Bonds of the Ville de Beaupré, original amount of $324, bearing interest at 5 3/8%, maturing in 2006	210	218
	29 367	24 415
Portion due within one year	1 766	1 191
	27 601	23 224

Repayment of principal on the long-term debt over the next five years is as follows:

	Capital leases			Loans	Total
	Minimum payments	Interest	Principal	Principal	Principal
1991	1 068	710	358	1 408	1 766
1992	1 068	671	397	865	1 262
1993	1 068	625	443	1 364	1 807
1994	1 068	578	490	1 366	1 856
1995	1 068	523	545	861	1 406

NOTES TO FINANCIAL STATEMENTS (cont'd)
May 31, 1990
(in thousands of dollars)

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7. Capital stock

Authorized:		
Under its Act of incorporation, the Société is authorized to issue, to the Minister of Finance, 750 000 common voting shares with a par value of $100	75 000	
	1990	**1989**
Issued:		
Issued as payment for the transfer of assets:		
260 136 actions	26 014	26 014
Issued and paid:		
165 250 (1989 -- 110 250)	16 525	11 025
	42 539	37 039

During the year, the Société issued 55 000 shares for a cash payment of $5 500 000.

8. Contractual commitments

The Société is bound under operating or capital leases representing commitments for the following years:

1991 -- 1 271
1992 -- 557
1993 -- 313
1994 -- 194
1995 and thereafter -- 777

9. Comparative figures

Certain figures for year 1989 have been reclassified for consistency with the presentation adopted in 1990.

AUDITORS' REPORT

To the shareholder of
Société des établissements de plein air du Québec

We have examined the balance sheet of the Société des établissements de plein air du Québec as at May 31, 1990 and the operating statement and the statements of deficit and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances. We obtained all the information and explanations we requested.

In our opinion, based on the information and explanations we received and from what is shown on the books of the Société, these financial statements present fairly and accurately the Société's financial position at May 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles, applied on a basis consistent with that of the preceding year.

Mallette, Benoit, Boulanger, Rondeau & Associés
Chartered Accountants

Québec, June 29, 1990

SOCIÉTÉ DES TRAVERSIERS DU QUÉBEC
R.S.Q., c. S-14

OPERATING STATEMENT
for the year ended March 31, 1990

	1990	1989
		(Note 3)
EXPENDITURE		
Operating expenses	$21 984 588	$20 978 222
General and administrative expenses	3 841 160	3 948 394
Depreciation on fixed assets	2 283 137	2 304 036
Interest on commitments under capital leases	2 804 009	2 868 784
	30 912 894	30 099 436
REVENUE		
Vehicle ferry	4 443 248	4 322 899
Passenger ferry	3 170 323	3 240 711
Other (Note 4)	748 793	1 082 777
	8 362 364	8 646 387
LOSS BEFORE GOVERNMENT SUBSIDIES	22 550 530	21 453 049
Government subsidies (Note 5)	19 791 904	22 738 482
NET (LOSS) PROFIT	($2 758 626)	$1 285 433

DEFICIT
for the year ended March 31, 1990

	1990	1989
RETAINED EARNINGS (DEFICIT) AT THE BEGINNING		
Previously stated	$353 748	($577 931)
Adjustments to previous years (Note 3)	713 117	359 363
Adjusted balance	1 066 865	(218 568)
Net (loss) profit	(2 758 626)	1 285 433
(DEFICIT) RETAINED EARNINGS AT THE END	($1 691 761)	$1 066 865

SOCIÉTÉ DES TRAVERSIERS DU QUÉBEC

CHANGES IN FINANCIAL POSITION
for the year ended March 31, 1990

	1990	1989
OPERATING ACTIVITIES		
Net (loss) profit	($2 758 626)	$1 285 433
Items not affecting liquid assets		
Depreciation on fixed assets	2 283 137	2 304 036
Transfer of deferred Government subsidies	(916 904)	(1 052 482)
Loss on disposal of fixed assets	1 481	512
	(1 390 912)	2 537 499
Changes in assets and liabilities related to operations	186 520	(94 077)
Funds (absorbed) generated by operating activities	(1 204 392)	2 443 422
FINANCING ACTIVITIES		
Government subsidies for fixed assets	3 082	3 620
Reimbursement of commitments arising from capital leases	(1 179 167)	(1 103 805)
Funds absorbed by financing activities	(1 176 085)	(1 100 185)
INVESTMENT ACTIVITIES		
Acquisition of fixed assets	(133 818)	(45 691)
Proceeds of the disposal of fixed assets		391
Funds absorbed by investment activities	(133 818)	(45 300)
(DECREASE) INCREASE IN LIQUID ASSETS	(2 514 295)	1 297 937
LIQUID ASSETS AT THE BEGINNING	4 176 286	2 878 349
LIQUID ASSETS AT THE END	$1 661 991	$4 176 286

Liquid assets of the Société consist of cash and term deposits.

SOCIÉTÉ DES TRAVERSIERS DU QUÉBEC

BALANCE SHEET
as at March 31, 1990

	1990	1989
		(Note 3)
ASSETS		
CURRENT ASSETS		
Cash	$1 261 991	$976 286
Term deposits -- at cost	400 000	3 200 000
Accounts receivable and accrued interest	348 599	872 881
	2 010 590	5 049 167
INVESTMENT (Note 6)	27 500	27 500
FIXED ASSETS (Note 7)	32 843 134	34 993 934
	$34 881 224	$40 070 601
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$2 883 758	$3 221 520
Instalments on commitments arising from capital leases (Note 8)	1 311 257	1 179 167
	4 195 015	4 400 687
COMMITMENTS ARISING FROM CAPITAL LEASES (Note 8)	24 154 028	25 465 285
DEFERRED GOVERNMENT SUBSIDIES (Note 9)	6 723 942	7 637 764
	35 072 985	37 503 736
SHAREHOLDER'S DEFICIENCY		
Capital stock (Note 10)	1 500 000	1 500 000
(Deficit) Retained earnings	(1 691 761)	1 066 865
	(191 761)	2 566 865
	$34 881 224	$40 070 601

COMMITMENTS (Note 11)

On behalf of the Board of Directors,

Jean-Yves Gagnon
Lise Dufour

NOTES TO FINANCIAL STATEMENTS
March 31, 1990

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1. Constitution and purpose

The Société des Traversiers du Québec is a company founded under a special Act (R.S.Q., c. S-14) whose shares are part of the public domain of the Province de Québec and are assigned to the Minister of Finance. The purpose of the Société is to provide ferry services on the rivers and lakes of Québec.

2. Accounting policies

The Société's financial statements were prepared by management in accordance with generally accepted accounting principles. They include amounts based on best estimates and judgment.

Fixed assets

Fixed assets acquired by donation have been valued at initial cost or according to appraised value or at the municipal assessment. Other fixed assets are recorded at cost. Depreciation on fixed assets is calculated as follows:

	Method	Rate
Wharves	Diminishing balance	5%
Buildings	Diminishing balance	10%
Ships	Diminishing balance	15%
Furniture and equipment	Diminishing balance	20%
Automotive equipment	Diminishing balance	30%
Leasehold improvements	Straight-line	Term of lease
Ships leased under capital leases	Depreciation tied to repayment of principal on corresponding commitments	-

Deferred Government subsidies

The counterpart to the value assigned to assets acquired by donation and acquisition subsidies is recorded as "Deferred Government subsidies" and transferred to operations by the same methods and at the same rates as the pertinent fixed assets.

Recovery from insurers

Amounts from insurers covering accidents caused by Société vessels are recorded when received.

3. Adjustments to previous years

During the year, the Société recovered $576 607 in excise and sales taxes levied by the Government of Canada on fuel used to operate the Matane/Baie-Comeau/Godbout ferry from January 1, 1987 to March 31, 1989.

Moreover, under an agreement with a supplier concerning rent on a ship, a charge of $136 510 at March 31, 1989 was cancelled retroactively to that date.

The financial statements for the year ended March 31, 1989 have been adjusted, thus increasing (decreasing) the following items:

	1989
Accounts receivable and accrued interest	$576 607
Accounts payable	(136 510)
Net profit	353 754
Retained earnings	713 117

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990

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4. Other revenue

	1990	1989
Interest on bank deposits	$425 166	$353 221
Dividends	27 500	22 000
Parking and miscellaneous	82 155	78 292
Vending machines	47 356	51 220
Food concession	99 045	68 682
Recovery from insurers on accident claims involving vessels	(2 149)	454 874
Ship leasing	71 201	55 000
Loss on disposal of fixed assets	(1 481)	(512)
	$748 793	$1 082 777

5. Government subsidies

	1990	1989
Operating subsidy received from the Gouvernement du Québec	$18 875 000	$21 686 000
Transfer of deferred Government subsidies	916 904	1 052 482
	$19 791 904	$22 738 482

6. Investment

This investment represents 55 000 class "A" common shares, no par value, out of the 767 500 shares issued by Compagnie de gestion de Matane Inc.

7. Fixed assets

	1990				1989
	Fixed assets				
	Acquired by donation	Other	Accumulated depreciation	Net	Net
Land	$64 794	$18 145		$82 939	$82 939
Wharves	3 795 452	74 622	$2 192 178	1 677 896	1 766 206
Buildings	1 535 755	404 851	1 152 594	788 012	875 568
Ships	25 476 038	889 956	21 937 569	4 428 425	5 151 808
Furniture and equipment	15 088	556 722	391 101	180 709	186 891
Automotive equipment		73 763	43 819	29 944	7 939
Leasehold improvements	215 930	637 793	284 175	569 548	619 241
	31 103 057	2 655 852	26 001 436	7 757 473	8 690 592
Ships*		31 011 585	5 925 924	25 085 661	26 303 342
	$31 103 057	$33 667 437	$31 927 360	$32 843 134	$34 993 934

* These ships are under capital leases.

Harbour installations -- Harbour sheds and wharves at Matane and Godbout belong to the Gouvernement du Québec and are made available to the Société free of charge.

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990

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8. Commitments arising from capital leases

	1990	1989
Commitments arising from capital leases, bearing interest between 10,6% and 10,8%, maturing up to 2001	$25 465 285	$26 644 452
Instalments due within one year	1 311 257	1 179 167
	$24 154 028	$25 465 285

The minimum payments required under the capital leases, assuming the rent remains at the 1990 level, are as follows:

1991	$4 021 690
1992	3 979 826
1993	3 979 826
1994	3 979 826
1995	3 979 826
1996 to 2001	25 457 877
Total minimum payments required	45 398 871
Amount representing interest included in the minimum payments required	19 933 586
	$25 465 285

9. Deferred Government subsidies

Government contribution to the acquisition of fixed assets:

	1990	1989
a. Gouvernement du Québec		
Opening balance	$7 119 305	$8 117 759
Contribution for the year	3 082	3 620
Transfer to operations of an amount equal to the depreciation on fixed assets, subsidized or donated	(870 457)	(1 002 074)
Closing balance	6 251 930	7 119 305
b. Government of Canada		
Opening balance	518 459	568 867
Transfer to operations of an amount equal to the depreciation on fixed assets, subsidized or donated	(46 447)	(50 408)
Closing balance	472 012	518 459
	$6 723 942	$7 637 764

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990

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9. Deferred Government subsidies (cont'd)

	1990	1989
This balance relates to the following items:		
Land	$64 794	$64 794
Wharves	1 635 106	1 721 164
Buildings	617 455	686 061
Ships	4 254 237	4 954 904
Furniture and equipment	1 196	1 892
Leasehold improvements	151 154	161 950
	6 723 942	7 590 765
Unexpended balance of special subsidy for major repairs		46 999
	$6 723 942	$7 637 764

10. Capital stock

	1990	1989
Authorized: 100 000 shares of a $100 par value each		
Issued and paid: 15 000 shares	$1 500 000	$1 500 000

11. Commitments

The Société is bound by a long-term lease for a ship ending in 1996. This lease includes a purchase option in 1995 for the price of $849 660.

The Société is also committed under a long-term lease for premises in the Lévis railroad station, ending in 2004. This lease provides an initial fifteen-year renewal option and an additional fourteen-year renewal option.

Rent for the year ended March 31, 1990 for the ship is $627 277 and that for the railroad station space is $38 558. The minimum future rent is distributed as follows:

1991	$635 180
1992	635 180
1993	635 180
1994	635 180
1995	635 180
1996 and thereafter	940 029
	$4 115 929

12. Pension plans

-- Government and Public Employees Retirement Plan (RREGOP)

The majority of Société employees are participants in the Government and Public Employees Retirement Plan. Since July 1, 1982, the cost of the plan is shared equally between the employees and the employers. It is a defined benefit plan which guarantees payment of pension and death benefits. Société contributions charged to operations for the year total $345 680 (1989: $336 272). Obligations of the Société toward the Government plan are limited to its contributions for current service as an employer.

-- Other plans

The remaining employees are participants in two inter-company pension plans and the Société's obligations are limited to contributions for current service as an employer. Société contributions charged to operations for the year total $209 988 (1989: $212 965).

SOCIÉTÉ DES TRAVERSIERS DU QUÉBEC

AUDITOR'S REPORT

I have examined the balance sheet of the Société des Traversiers du Québec as at March 31, 1990 as well as the statement of operations, the statement of deficit and the statement of changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Société as at March 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The Auditor General of Québec,
Rhéal Chatelain, F.C.A.

Québec, May 22, 1990

SOCIÉTÉ D'EXPLOITATION DES RESSOURCES ÉDUCATIVES DU QUÉBEC (SEREQ)

(Constituted under Part 3 of the Québec Companies Act)

REVENUE AND EXPENDITURE AND SURPLUS
for the year ended January 31, 1990

	1990	1989
REVENUE		
Interest and other revenue	$28 294	$24 828
General and administrative expenses (see page 456)	81 475	118 347
NET LOSS	53 181	93 519
OPENING SURPLUS	322 465	415 984
CLOSING SURPLUS	$269 284	$322 465

CHANGES IN FINANCIAL POSITION
for the year ended January 31, 1990

	1990	1989
OPERATING ACTIVITIES		
Net loss	($53 181)	($93 519)
Depreciation, item not affecting liquid assets	7 546	9 432
	(45 635)	(84 087)
Net change in working capital items other than liquid assets	2 863	12 246
Funds absorbed by operations	(42 772)	(71 841)
INVESTMENT ACTIVITIES		
Acquisition of fixed assets, funds absorbed by investments		(2 800)
DECREASE IN LIQUID ASSETS	(42 772)	(74 641)
LIQUID ASSETS AT THE BEGINNING	283 674	358 315
LIQUID ASSETS AT THE END (Note 4)	$240 902	$283 674

SOCIÉTÉ D'EXPLOITATION DES RESSOURCES ÉDUCATIVES DU QUÉBEC (SEREQ)

BALANCE SHEET
as at January 31, 1990

	1990	1989
ASSETS		
CURRENT ASSETS		
Cash	$4 270	
Term deposits and accrued interest	236 632	$296 956
Accounts receivable		7 246
	240 902	304 202
FIXED ASSETS (Note 3)	30 182	37 728
	$271 084	$341 930
LIABILITIES		
CURRENT LIABILITIES		
Bank overdraft		$13 282
Accounts payable and accrued expenses	$1 800	6 183
	1 800	19 465
SURPLUS	269 284	322 465
	$271 084	$341 930

On behalf of the Board of Directors,

Florian Rompré
Alain Lelouche

SOCIÉTÉ D'EXPLOITATION DES RESSOURCES ÉDUCATIVES DU QUÉBEC (SEREQ)

ADDITIONAL INFORMATION
for the year ended January 31, 1990

	1990	1989
GENERAL AND ADMINISTRATIVE EXPENSES		
External and consulting services	$33 227	$43 142
Auditing and management consulting fees	2 410	3 116
Entertainment expenses	4 623	3 734
Travelling expenses	27 545	54 411
Call for tenders		1 505
Subscriptions and contributions	931	
Bank interest	638	481
Postage and courier	123	159
Office supplies	2 532	1 297
Taxes	25	75
Depreciation on fixed assets	7 546	9 432
Books and newspapers	819	
Office expenses	1 056	
Miscellaneous expenses		995
	$81 475	$118 347

SOCIÉTÉ D'EXPLOITATION DES RESSOURCES ÉDUCATIVES DU QUÉBEC (SEREQ)

NOTES TO FINANCIAL STATEMENTS
January 31, 1990

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1. Constitution and nature of activities

The Société is a non-profit agency constituted under the Companies Act, Part 3, which seeks to promote the distribution of Québec educational resources and undertake educational projects outside Québec. The Société has not received a subsidy from the Government since year 1986-1987. No permanent resources remained at the disposal of the Société.

2. Main accounting policy

Fixed assets

Depreciation on furniture and office equipment is calculated by the diminishing balance method at 20%.

3. Fixed assets

	Cost	Accumulated depreciation	1990 Depre-ciated cost	1989 Depre-ciated cost
Furniture and office equipment	$134 091	$103 909	$30 182	$37 728

4. Liquid assets

	1990	1989
Cash (Bank overdraft)	$4 270	($13 282)
Term deposits and accrued interest	236 632	296 956
	$240 902	$283 674

5. Commitments

On October 2, 1989, a contract for professional services was signed with Hualou (C.F.C.) Inc. for $12 750. This sum is payable in 6 equal instalments of $2 125 each. The contract is effective October 4, 1989 and terminates on April 3, 1990. The balance on this commitment at January 31, 1990 is $4 250.

On February 13, 1990 a contract was signed for $3 904 with Mrs. Marie-Andrée Lortie for secretarial and typing services. This sum is payable in two instalments. The first of these, for $1 464, is payable on February 16, 1990 and the second, for $2 440, is payable on March 30, 1990.

AUDITORS' REPORT

To the members of the Board of Directors of the
Société d'exploitation des ressources
éducatives du Québec (SEREQ)

We have examined the balance sheet of the Société d'exploitation des ressources éducatives du Québec (SEREQ) as at January 31, 1990 as well as the statements of revenue and expenditure and surplus and of changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the Société's financial position as at January 31, 1990 as well as the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles, applied on a basis consistent with that of the preceding year.

Maheu Noiseux
Chartered Accountants

Montréal, April 26, 1990

SOCIÉTÉ D'HABITATION DU QUÉBEC
R.S.Q., c. S-8

OPERATIONS AND SURPLUS
for the year ended December 31, 1989
(in thousands of dollars)

	1989	1988
REVENUE		
Contributions (Note 3)		
Gouvernement du Québec	209 936	191 897
Canada Mortgage and Housing Corporation	177 394	148 277
	387 330	340 174
Interest on loans and miscellaneous revenue	43 592	43 940
	430 922	384 114
EXPENDITURE		
Cost of programs (Note 3)	356 255	311 842
Administrative expenses -- net (Note 4)	31 075	28 332
	387 330	340 174
Interest on borrowings -- net (Note 5)	40 489	42 245
	427 819	382 419
NET PROFIT FOR THE YEAR	3 103	1 695
OPENING SURPLUS	3 415	1 720
CLOSING SURPLUS	6 518	3 415

SOCIÉTÉ D'HABITATION DU QUÉBEC

CHANGES IN FINANCIAL POSITION
for the year ended December 31, 1989
(in thousands of dollars)

	1989	1988
OPERATING ACTIVITIES		
Funds absorbed by operating activities (Note 12)	(13 854)	(1 686)
FINANCING ACTIVITIES		
New borrowings	1 624 521	1 680 341
Repayment of borrowings	(1 486 871)	(1 593 138)
Increase (Decrease) in amounts due to the insurance fund	672	(307)
Funds generated by financing activities	138 322	86 896
INVESTMENT ACTIVITIES		
New investments		
Residential buildings	(124 283)	(124 377)
Loans	(6 253)	(1 256)
Receipts from loans	8 552	8 765
Purchase of a property financed by the Société		
Residential building	(52)	(57)
Loan and accrued interest	52	57
Disposal of a property		55
Funds absorbed by investment activities	(121 984)	(116 813)
INCREASE (DECREASE) IN LIQUID ASSETS	2 484	(31 603)
(OUTSTANDING CHEQUES LESS CASH) CASH AND TERM DEPOSIT AT THE BEGINNING	(214)	31 389
CASH (OUTSTANDING CHEQUES LESS CASH) AT THE END	2 270	(214)

SOCIÉTÉ D'HABITATION DU QUÉBEC

BALANCE SHEET
as at December 31, 1989
(in thousands of dollars)

	1989	1988
ASSETS		
Residential buildings (Note 6)	1 491 551	1 372 311
Loans and accrued interest (Note 7)	568 678	571 153
Contributions to be received		
Canada Mortgage and Housing Corporation	85 042	80 199
Gouvernement du Québec (Note 8)	59 829	25 017
Accounts receivable	10 642	7 165
Cash	2 270	
	2 218 012	2 055 845
LIABILITIES		
Borrowings and accrued interest (Note 9)	2 083 542	1 942 089
Deferred contribution -- Gouvernement du Québec (Note 10)	79 090	66 504
Accounts payable (Note 11)	42 826	38 259
Insurance fund	6 036	5 364
Outstanding cheques less cash		214
	2 211 494	2 052 430
SURPLUS	6 518	3 415
	2 218 012	2 055 845

COMMITMENTS AND CONTINGENT LIABILITIES (Note 14)

On behalf of the Société,

Guy G. Bouchet, Chairman of the Board
Jean-Paul Arsenault, President and Managing Director

SOCIÉTÉ D'HABITATION DU QUÉBEC

INSURANCE FUND

BALANCE SHEET
as at December 31, 1989
(in thousands of dollars)

	1989	1988
ASSETS		
Accounts receivable		
Société d'habitation du Québec	6 036	5 364
Other		1
Cash	17	2
	6 053	5 367
LIABILITIES		
Claims under settlement	2 134	802
Fund balance	3 919	4 565
	6 053	5 367

On behalf of the Société,

Guy G. Bouchat, Chairman of the Board
Jean-Paul Arsenault, President and Managing Director

CHANGES IN THE INSURANCE FUND
for the year ended December 31, 1989
(in thousands of dollars)

	1989	1988
Revenue		
Premiums	1 011	719
Interest	754	568
	1 765	1 287
Expenditure		
Claims	2 317	857
Administrative expenses	94	96
	2 411	953
EXPENDITURE IN EXCESS OF REVENUE FOR THE YEAR	(646)	334
OPENING FUND BALANCE	4 565	4 231
CLOSING FUND BALANCE	3 919	4 565

NOTES TO FINANCIAL STATEMENTS
December 31, 1989
(in thousands of dollars)

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1. Constitution and purpose

The Société d'habitation du Québec was incorporated under a special Act (R.S.Q., c. S-8) to:

- advise the Minister concerning the needs, priorities and objectives of all housing sectors in Québec;
- stimulate the development and coordination of public and private housing initiatives;
- make low-rent housing available to residents of Québec;
- promote the development and implementation of housing construction, acquisition, improvement, rehabilitation and housing management programs;
- facilitate home ownership for Québec residents;
- encourage housing improvements.

In addition, the Société manages since 1979 an insurance fund to cover losses to its residential buildings and those of municipal housing offices. This fund does not cover individual losses in excess of 500 000 thousand dollars, which are borne on an equal basis by Canada Mortgage and Housing Corporation and the Société d'habitation du Québec, acting for the Gouvernement du Québec, under the Canada-Québec umbrella agreements.

2. Accounting policies

The Société's financial statements have been prepared by management on the accrual basis and in accordance with the accounting policies as disclosed below. These statements include amounts based on best estimates and judgment.

a) Residential buildings

i. Residential buildings are recorded at cost.

For residential housing construction projects, interest and administrative expenses are added to the other costs incurred until occupancy. The interest rate is equal to the weighted average of effective interest rates for short-term borrowings contracted by the Société to finance those projects.

The cost of properties acquired through default is recorded as the sum of the outstanding balance on the loan, plus accrued interest to the date of surrender and expenses on that occasion.

ii. Depreciation on residential buildings corresponds to the recovery of the principal component of the debt service charge allocated to the Public non-profit housing program. Recovery occurs generally over a period of 35 to 50 years.

Residential buildings are not depreciated until the loans thereon are under repayment.

b) Contributions

Contributions from the Gouvernement du Québec and Canada Mortgage and Housing Corporation (CMHC) to the cost of programs for the year are recorded in operations provided that the cost of those programs is also recorded.

The Canada Mortgage and Housing Corporation acts for the Government of Canada concerning the programs within the Canada-Québec umbrella agreements.

c) Cost of programs

Non-profit housing program

For managing the non-profit housing program, the Société d'habitation du Québec has entered into operating agreements with certain agencies, so as to entrust to them the management of its housing projects for a period not to exceed 50 years. These agreements stipulate, for instance, the payment of a subsidy to help compensate for the operating loss on managed units.

The cost of the non-profit housing program is established from budgets prepared by the agencies concerned and approved by the Société or, where applicable, from budgets prepared and approved by the Société. The cost also includes adjustments relating to previous years as a result of the Société's analysis and approval of the audited financial statements of those agencies, as well as loan refinancing expenses.

NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31, 1989
(in thousands of dollars)

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2. Accounting policies (cont'd)

c) Cost of programs (cont'd)

Rent supplement program

Assistance granted by the Société under agreements does not exceed 15 years.

Where the Rent supplement program is geared to agencies, the cost of the program is determined by subsidy applications produced by those agencies and approved by the Société or, should such be the case, by estimates prepared and approved by the Société.

This cost also includes any adjustments to prior years arising from the Société's analysis and approval of required financial reports.

However, when benefits under the program are granted to individuals, the Société records the benefits in accordance with the accounting policy applicable to "Other programs".

Home ownership assistance program

The cost of this program consists of interest on guaranteed loans and of any losses that the Société must assume through fulfilling such guarantees.

Canada-Québec Rehabilitation assistance program

Financial assistance granted under this program is in the form of a loan with conditional repayment. The loan is entered as an expenditure for the current year as soon as its payment has been approved by the Société.

Other programs

The cost of each of the other programs is recorded on the condition that applications for subsidies have been approved by the Société or its agent, when such is the case, and that the resulting payments fall due before the end of the year in question.

d) Machinery and equipment

The acquisition of machinery and equipment is recorded as an administrative expense.

e) Loss insurance fund

i. Claims

Claims are recorded at cost or at the estimated loss, and cover losses declared to the Société within one month after year-end.

ii. Machinery and equipment

Acquisitions of machinery and equipment are entered as administrative expenses.

f) Pension plans

The employer's contribution to the Government and Public Employees Retirement Plan (RREGOP) and to the Civil Service Superannuation Plan (CSSP) is assumed by the Gouvernement du Québec and is thus not included in the Société's statement of operations and surplus.

NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31, 1989
(in thousands of dollars)

3. Cost and contributions to programs

Programs	1989			1988		
		Contributions			Contributions	
	Cost	Gouvernement du Québec	CMHC *	Cost	Gouvernement du Québec	CMHC *
Non-profit housing						
Public						
Residential buildings managed by agents	146 488	50 058	96 430	130 881	44 105	86 776
Residential buildings managed by municipal offices	38 084	16 584	21 500	35 557	13 412	22 145
Special units	515	180	335			
	185 087	66 822	118 265	166 438	57 517	108 921
Private						
Housing cooperatives and non-profit organizations	9 519	2 380	7 139	3 470	882	2 588
Native people in rural areas	3 328	765	2 563	2 093	492	1 601
Native people in urban areas	2 953	688	2 265	1 500	360	1 140
	15 800	3 833	11 967	7 063	1 734	5 329
	200 887	70 655	130 232	173 501	59 251	114 250
Assistance to individuals						
Housing allowance for the elderly	24 660	24 660		21 460	21 460	
Rent supplement	18 815	9 607	9 208	11 794	6 580	5 214
Home ownership assistance	7 888	7 888		13 285	13 285	
Downpayment assistance	4 588	4 588		35	35	
Family Housing Act	486	486		758	758	
Temporary accomodation for victims of urea formaldehyde foam insulation	11	11		11	11	
Corvée-Habitation				345	345	
	56 448	47 240	9 208	47 688	42 474	5 214
Amounts carried forward	257 335	117 895	139 440	221 189	101 725	119 464

NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31, 1989
(in thousands of dollars)

3. Cost and contributions to programs (cont'd)

	1989			1988		
		Contributions			Contributions	
Programs	Cost	Gouvernement du Québec	CMHC *	Cost	Gouvernement du Québec	CMHC *
Amounts brought forward	257 335	117 895	139 440	221 189	101 725	119 464
Assistance to community organizations and for restoration						
Canada-Québec Rehabilitation assistance	70 987	36 493	34 494	53 331	26 705	26 626
Home restoration assistance program	26 644	26 644		34 281	34 281	
Assistance to community housing	1 076	1 076		2 146	2 146	
Assistance to non-profit organizations working with the homeless	984	984		621	621	
Emergency repairs	391	98	293	274	75	199
Acquisition and development of the Angus site	(1 162)	(1 162)				
	98 920	64 133	34 787	90 653	63 828	26 825
Cost of programs	356 255	182 028	174 227	311 842	165 553	146 289
Administrative expenses -- net (Note 4)	31 075	27 908	3 167	28 332	26 344	1 988
Total cost of programs	387 330	209 936	177 394	340 174	191 897	148 277

* Canada Mortgage and Housing Corporation.

4. Administrative expenses -- net

	1989	1988
Salaries and wages	20 911	19 411
Transportation and communications	2 286	1 938
Professional, administrative and other services	3 455	2 797
Maintenance and repairs	106	282
Rent	3 534	3 212
Materials and supplies	710	659
Machinery and equipment	825	478
Various subsidies	163	173
Other expenses	24	14
	32 014	28 964
Expenses charges to:		
Construction cost of residential buildings	821	519
Société de gestion immobilière SHQ	118	113
	939	632
	31 075	28 332

NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31, 1989
(in thousands of dollars)

5. Interest on borrowings -- net

	1989	1988
Interest on bonds	171 634	154 840
Interest on mortgage loans	82	88
Interest on term loans	901	1 102
Interest on interim financing	27 616	23 994
Interest on advances from the disaster insurance fund	752	566
	200 985	180 590
Interest recovery *	810	811
	200 175	179 779
Interest charged		
To the Non-profit housing program	148 986	131 786
To the cost of residential buildings under construction **	6 472	4 444
To the cost of the Canada-Québec Rehabilitation assistance program	4 228	1 304
	159 686	137 534
	40 489	42 245

* Concerning the long-term debt incurred for the realization of student residences.

** Rates charged in 1989 varied from 10,71% to 12,50% (8,63% to 10,71% in 1988).

6. Residential buildings

	1989	1988
Completed residential buildings	1 425 664	1 292 701
Accumulated depreciation	19 563	14 468
	1 406 101	1 278 233
Residential buildings under construction	85 450	94 078
	1 491 551	1 372 311

The depreciation for the year: $5 095 (1988: $4 089) is charged to the Non-profit housing program.

7. Loans and accrued interest

	1989	1988
Mortgage loans -- 6 7/8% to 15 1/8% payable in monthly or annual instalments over periods not exceeding 50 years	526 861	530 394
Loans without mortgage security -- 6 7/8% to 11,99% payable in monthly instalments over periods not exceeding 50 years	13 847	14 015
Municipal bonds -- 6 7/8% to 9 5/8% payable in annual instalments over periods not exceeding 15 years, callable	7 999	9 647
Advances	10 848	7 834
Accrued interest	9 123	9 263
	568 678	571 153

8. Contributions receivable -- Gouvernement du Québec

Contributions receivable from the Gouvernement du Québec at December 31, 1988 and at December 31, 1989 include an amount of $12,4 million concerning the fund created for the Residential construction stimulus program.

This fund is managed by the Société de gestion immobilière SHQ that replaced Corvée-Habitation on May 1, 1986 (see counterpart of this account in Note 11).

9. Borrowings and accrued interest

	1989	1988
Gouvernement du Québec		
Bonds -- 6 7/8% to 15,98% payable in annual or semi-annual instalments over periods of not more than 50 years, callable	126 023	126 610
Accrued interest	7 049	7 077
	133 072	133 687
Canada Mortgage and Housing Corporation		
Bonds -- 6 7/8% to 11% payable in annual or semi-annual instalments over periods of not more than 50 years, callable	851 071	856 477
Mortgage loans -- 3 1/2% to 7 7/8% payable in monthly instalments over periods of not more than 50 years	1 424	1 605
Accrued interest	48 919	49 159
	901 414	907 241
Amounts carried forward	1 034 486	1 040 928

9. Borrowings and accrued interest (cont'd)

	1989	1988
Amounts brought forward	1 034 486	1 040 928
Other		
Bonds -- 8,05% to 16 1/4% payable in annual instalments, from 1990 to 2009 and insured by the Canada Mortgage and Housing Corporation	749 215	702 607
Term borrowings -- 9 3/8% to 11,99% payable in monthly or annual instalments maturing from 1990 to 1994	7 171	9 163
Interim financing: financial institutions	268 250	169 042
Accrued interest	24 420	20 349
	1 049 056	901 161
	2 083 542	1 942 089

Taking expected refinancings into account, the amount of principal payments over the next five years on bonds, mortgage loans and term borrowings is as follows:

1990 -- 12 330
1991 -- 13 120
1992 -- 13 212
1993 -- 12 292
1994 -- 13 315

10. Deferred subsidy -- Gouvernement du Québec

	1989	1988
Changes during the year:		
Subsidy (Note 3)	209 936	191 897
Less:		
Long-term portion of the Canada-Québec Rehabilitation assistance program, charged to the account receivable from the Gouvernement du Québec	(28 806)	(19 222)
	181 130	172 675
Receipts on the subsidy	193 716	181 677
Increase in deferred subsidy	12 586	9 002
Deferred subsidy at the beginning	66 504	57 502
Deferred subsidy at the end	79 090	66 504

NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31, 1989
(in thousands of dollars)

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11. **Accounts payable**

	1989	1988
Suppliers and holdbacks on contracts	21 152	19 999
Société de gestion immobilière SHQ -- Residential construction stimulus fund	12 368	12 368
Beneficiaries of subsidies and others	9 306	5 892
	42 826	38 259

12. **Funds absorbed by operating activities**

	1989	1988
Net profit for the year	3 103	1 695
Depreciation on residential buildings	5 095	4 089
	8 198	5 784
Changes in assets and liabilities related to operations	(22 052)	(7 470)
	(13 854)	(1 686)

13. **Société de gestion immobilière SHQ**

The Société d'habitation du Québec has mandated the Société de gestion immobilière SHQ to manage some of its buildings. The net operating budget allocated to this agent for this year amounts to $1,5 million. The Canada Mortgage and Housing Corporation has provided $1,2 million in financing, and the Gouvernement du Québec a further $0,3 million. This financial information is included in the statement of operations and surplus of the Société d'habitation du Québec.

14. **Commitments and contingent liabilities**

Home restoration assistance program

Under this program, the Société reimburses any borrowing by an owner, up to an amount equal to its pledged subsidy. Balances on these borrowings at December 31, 1989 will be reimbursed over the next five years as follows:

1990 -- 17 530
1991 -- 9 255
1992 -- 4 161
1993 -- 886
1994 -- 92

Construction

The Société's commitments toward contractors for work on residential buildings under construction amount to $22 million at December 31, 1989 (1988: $37 million).

Downpayment assistance program

Under the Downpayment assistance program, the Société guarantees, within certain limits, reimbursement of the borrowing incurred by the claimants to acquire their first dwelling: these guaranteed loans amounted to $72 million at December 31, 1989 (1988: $6 million).

15. Comparative figures

Certain figures for 1988 have been reclassified for consistency with the presentation adopted in 1989.

AUDITOR'S REPORT

I have examined the balance sheets of the Société d'habitation du Québec and the insurance fund as at December 31, 1989 as well as the statement of operations and surplus and the statement of changes in financial position of the Société and the statement of changes in the insurance fund for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Société and the insurance fund as at December 31, 1989 and the results of the operations and the changes in the financial position of the Société and the changes in the insurance fund for the year then ended in accordance with the accounting policies disclosed in Note 2 applied on a basis consistent with that of the preceding year.

The Auditor General of Québec,
Rhéal Chatelain, F.C.A.

Québec, May 3, 1990

SOCIÉTÉ D'INVESTISSEMENT JEUNESSE
R.S.Q., c. S-8.1
GENERAL FUND

REVENUE AND EXPENDITURE AND FUND BALANCE
for the year ended March 31, 1990

	1990	1989
EXPENDITURE (Note 3)		
Salaries and wages	$312 162	$215 785
Professional, administrative and other services (Note 4)	33 243	52 220
Transportation and communications (Note 5)	91 566	80 060
Printing and office expenses	30 947	34 126
Machinery and equipment (Note 6)	6 748	18 538
Rental of office equipment	5 569	5 367
	478 235	406 096
REVENUE		
Interest on bank deposits and short-term investments	16 933	20 455
EXPENDITURE IN EXCESS OF REVENUE	461 302	385 641
SUBSIDY FROM THE GOUVERNEMENT DU QUÉBEC	416 000	400 000
EXPENDITURE IN EXCESS OF REVENUE AND SUBSIDY	(45 302)	14 359
OPENING FUND BALANCE	115 605	101 246
CLOSING FUND BALANCE	$70 303	$115 605

BALANCE SHEET
as at March 31, 1990

	1990	1989
ASSETS		
Cash	$37 337	$49 489
Short-term investments and accrued interest (Note 7)	64 417	99 876
	$101 754	$149 365
LIABILITIES		
Accounts payable and accrued expenses	$31 226	$32 182
Owed to the financial assistance fund	225	1 578
	31 451	33 760
FUND BALANCE	70 303	115 605
	$101 754	$149 365

COMMITMENTS (Note 8)

On behalf of the Board of Directors,

Yvon Martineau
Serge Godin

SOCIÉTÉ D'INVESTISSEMENT JEUNESSE

FINANCIAL ASSISTANCE FUND

CHANGES
for the year ended March 31, 1990

	1990	1989
SOURCE OF FUNDS		
Donations (Note 9)	$432 505	$372 100
Interest on bank deposits, short-term investments and advances to the general fund	148 425	83 108
	580 930	455 208
APPLICATION OF FUNDS		
Fulfilment of loan guarantees	130 760	98 939
Change in the provision for fulfilment of loan guarantees	195 579	46 003
	326 339	144 942
INCREASE FOR THE YEAR	254 591	310 266
OPENING FUND BALANCE	970 579	660 313
CLOSING FUND BALANCE	$1 225 170	$970 579

BALANCE SHEET
as at March 31, 1990

	1990	1989
ASSETS		
Cash	$2 764	$32 105
Short-term investments and accrued interest (Note 7)	1 463 754	982 899
Owed by the general fund	225	1 578
	$1 466 743	$1 016 582
LIABILITIES		
Provision for fulfilment of loan guarantees (Note 10)	$241 573	$46 003
FUND BALANCE	1 225 170	970 579
	$1 466 743	$1 016 582

CONTINGENT LIABILITIES (Note 11)

On behalf of the Board of Directors,

Yvon Martineau
Serge Godin

SOCIÉTÉ D'INVESTISSEMENT JEUNESSE

NOTES TO FINANCIAL STATEMENTS
March 31, 1990

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1. Constitution and purpose

The Société d'investissement Jeunesse is a non-profit organization constituted under a special Act (R.S.Q., c. S-8.1). The Société's main purposes are to:

- develop, with the participation of private or public enterprises, the entrepreneurial spirit among young people;
- provide financial or technical assistance to young people looking to establish a business;
- promote the creation of jobs for young people using any appropriate means, particularly through financial and technical assistance to establish or expand an enterprise;
- promote the exchange of expertise and information between enterprises and young entrepreneurs;
- promote the sponsorship of young entrepreneurs by businessmen; and
- create and manage any funds required to carrying out its duties.

2. Accounting policies

The Société's financial statements have been prepared by management on the accrual basis in accordance with the accounting policies as disclosed below. They include amounts based on best estimates and judgment.

General fund

The general fund presents the Société's current operations other than those related to the financial assistance fund.

Financial assistance fund

The Société has created a financial assistance fund used to deposit donations. Donations are recorded when cashed.

This fund will help pay losses and expenses deriving from the execution of guarantees on loans extended to young entrepreneurs to start up a business.

Provision for fulfilment of loan guarantees

A provision has been set up to cover fulfilment of the guarantee on loans by the Société whenever the payment is inevitable based on claims presented by financial institutions, or when payment seems probable.

Fixed assets

The acquisition of machinery and equipment is charged to operations.

Expenditures assumed by the Gouvernement du Québec

Certain expenses paid out of appropriations of various Government departments and agencies are not shown on the general fund's statement of revenue and expenditure.

3. Expenditures assumed by the Gouvernement du Québec

These estimated expenditures are not shown on the statement of revenue and expenditure for the general fund:

	1990	1989
Rent of office space	$643 490	$651 014
Salaries and wages		37 071
	$643 490	$688 085

SOCIÉTÉ D'INVESTISSEMENT JEUNESSE

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990

4. Professional, administrative and other services

	1990	1989
Professional fees	$9 686	$14 056
Fees for internal audit	11 220	29 438
Travelling expenses for committee members	2 539	3 064
Furniture and equipment repairs and maintenance	3 746	2 144
Subscriptions and association dues	3 710	2 204
Insurance	747	429
Training	542	865
Interest on advances from the financial assistance fund	1 053	
	$33 243	$52 220

5. Transportation and communications

	1990	1989
Travelling and entertainment expenses	$20 230	$18 400
Communications	14 029	13 911
Mail and courier	7 249	8 015
Promotion	50 058	32 091
Financing drive		7 643
	$91 566	$80 060

6. Machinery and equipment

	1990	1989
Office furniture and equipment	$2 548	$10 963
Data processing equipment	2 200	7 575
	$4 748	$18 538

7. Short-term investments and accrued interest

Short-term investments and accrued interest are recorded at cost and their market value is roughly equal to their book value.

8. Commitments

The Société is bound by one- to three-year leases for the rental of office equipment. The minimum future payments are as follows:

1991	$5 314
1992	4 763
1993	610
	$10 687

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990

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9. Donations

As at the date of the financial statements, donation commitments to the Société's financial assistance fund totalled $447 645 (1989: $618 700). Commitments will be collected over a period of three years.

Donations received by the Société since its inception through March 31, 1990 amount to $1 425 105.

10. Provision for fulfilment of loan guarantees

	1990	1989
Provision for payments, resulting from claims by financial institutions, which are inevitable	$78 956	$46 003
Provision for probable payments	162 617	
	$241 573	$46 003

11. Contingent liabilities

At March 31, 1990, loan guarantees extended to financial institutions by the financial assistance fund not included in the provision totalled $547 137 (1989: $701 175).

AUDITOR'S REPORT

I have examined the balance sheets of the general fund and the financial assistance fund of the Société d'Investissement Jeunesse as at March 31, 1990 as well as the statement of revenue and expenditure and fund balance of the general fund and the statement of changes of the financial assistance fund for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the funds of the Société as at March 31, 1990 and the results of the operations of the general fund and the changes to the financial assistance fund for the year then ended in accordance with the accounting policies disclosed in Note 2 applied on a basis consistent with that of the preceding year.

The Auditor General of Québec,
Rhéal Chatelain, F.C.A.

Québec, May 14, 1990

SOCIÉTÉ DU GRAND THÉÂTRE DE QUÉBEC
R.S.Q., c. S-14.01

REVENUE AND EXPENDITURE
for the year ended August 31, 1989

	1989	1988
REVENUE		
Rent -- auditoriums	$694 633	$631 266
Royalties and service charges	391 598	336 098
Stage productions	590 420	672 232
Ancillary services (Note 3)	766 451	658 365
Net financial income (Note 4)	253 431	250 212
Other	163 107	137 873
	2 859 640	2 686 046
EXPENDITURE		
Administrative services (Note 5)	819 312	663 689
Support services (Note 6)	3 440 276	3 180 517
Communications	363 138	234 632
Stage productions (Note 7)	792 315	777 995
Ancillary services (Note 8)	725 938	597 116
	6 140 979	5 453 949
EXPENDITURE IN EXCESS OF REVENUE	3 281 339	2 767 903
Operating subsidies from the Gouvernement du Québec, excluding those for debt service	3 505 600	3 430 221
EXCESS OF SUBSIDIES AND REVENUE OVER EXPENDITURE FOR THE YEAR	224 261	662 318
Portion of excess for the year transferred to deficit		195 203
EXCESS FOR THE YEAR TO BE REMITTED TO THE GOUVERNEMENT DU QUÉBEC (1988: balance of excess) (Note 10)	$224 261	$467 115

SOCIÉTÉ DU GRAND THÉÂTRE DE QUÉBEC

CHANGES IN FINANCIAL POSITION
for the year ended August 31, 1989

	1989	1988
OPERATING ACTIVITIES		
Excess of subsidies and revenue over expenditure for the year	$224 261	$662 318
Item not affecting liquid assets:		
Amortization of bond issuance expenses	8 321	8 321
	232 582	670 639
Changes in assets and liabilities related to operations	(761 329)	(2 435 556)
Funds absorbed by operating activities	(528 747)	(1 764 917)
FINANCING ACTIVITIES		
Long-term debt	797 765	451 164
Subsidy to the production fund from the Gouvernement du Québec	186 715	
Funds generated by financing activities	984 480	451 164
INVESTMENT ACTIVITIES		
Funds absorbed by investment activities:		
Acquisition of fixed assets	(904 790)	(432 078)
REMITTANCE TO THE GOUVERNEMENT DU QUÉBEC		
Balance of subsidies and revenue in excess of expenditure for year 1987-1988	(467 115)	
DECREASE IN LIQUID ASSETS	(916 172)	(1 745 831)
LIQUID ASSETS AT THE BEGINNING	2 193 128	3 938 959
LIQUID ASSETS AT THE END	$1 276 956	$2 193 128

Liquid assets include cash and term deposits.

SOCIÉTÉ DU GRAND THÉÂTRE DE QUÉBEC

BALANCE SHEET
as at August 31, 1989

	1989	1988
ASSETS		
Cash	$526 956	$801 193
Term deposits	750 000	1 391 935
Accounts receivable	81 358	83 848
Subsidies to be received from the Gouvernement du Québec	42 169	
Supplies	62 906	74 597
Fixed assets (Note 9)	5 603 165	4 698 375
Deferred bond issuance expenses	31 173	39 494
	$7 097 727	$7 089 442
LIABILITIES		
Deposits -- ticket sales	$530 993	$461 883
Accounts payable and accrued expenses	500 031	426 082
Owed to the Gouvernement du Québec (Note 10)	224 261	467 115
Deferred subsidies (Note 11)	113 343	989 743
Production fund (Note 12)	186 715	
Long-term debt (Note 13)	5 542 384	4 744 619
	$7 097 727	$7 089 442

On behalf of the Board of Directors,

Louis Vézina
Claude Vadboncoeur

NOTES TO FINANCIAL STATEMENTS
August 31, 1989

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1. Constitution and purpose

The Société du Grand Théâtre de Québec was incorporated under a special Act (R.S.Q., c. S-14.01) as a corporation within the meaning of the Civil Code to administer the Grand Théâtre de Québec and to stage performances. Under section 32 of this Act, receipts of the Société must be assigned to the payment of its obligations and the balance is remitted yearly to the Consolidated Revenue Fund.

2. Accounting policies

The Société's financial statements have been prepared by management on the accrual basis in accordance with the accounting policies as disclosed below.

Supplies

Supplies on hand are valued at cost.

Fixed assets

The cost of fixed assets acquired within a project is accumulated in a "fixed asset projects in progress" account until long-term financing terms have been determined. These costs include materials, direct labour, professional fees and other direct expenses as well as interim financing charges. Subsidies from the Gouvernement du Québec regarding interim financing costs on fixed asset projects in progress are deducted directly from such costs. Once long-term financing for the project has been completed, these costs are distributed among the various fixed asset categories.

Fixed assets acquired within a project are recorded at cost and are not depreciated.

The remaining fixed assets are charged to operations.

The premises occupied by the Société belong to the Gouvernement du Québec, which assumes the costs of major repairs thereto.

Deferred bond issuance expenses

Discounts and bond issuance expenses on the long-term debt are deferred and amortized over the remaining period of the borrowing.

Royalties and service charges

Revenue from royalties and service charges is recorded when received.

Interest on long-term debt

Interest on the long-term debt is recorded at the time of payment.

3. Revenue -- ancillary services

	1989	1988
Staging	$698 413	$596 094
Workshops	18 326	17 080
Bars	49 712	45 191
	$766 451	$658 365

NOTES TO FINANCIAL STATEMENTS (cont'd)
August 31, 1989

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4. Net financial revenue

	1989	1988
Interest on long-term debt	($550 097)	($448 581)
Interest capitalized to fixed asset projects in progress	149 785	48 269
Gouvernement du Québec subsidy for debt service -- interest on bonds	400 312	400 312
Interest on bank deposits	262 925	259 382
Interest and bank charges	(1 173)	(849)
Amortization of bond issuance expenses	(8 321)	(8 321)
	$253 431	$250 212

5. Expenses -- administrative services

	1989	1988
Salaries and wages	$521 301	$421 703
Severance allowances	2 189	3 497
Professional fees	76 349	67 401
Travelling and entertainment	43 587	53 900
Communications	15 205	11 900
Stationery and supplies	23 875	14 924
Fire and public liability insurance	20 202	24 521
Machinery and equipment	91 621	47 611
Miscellaneous expenses	24 983	18 232
	$819 312	$663 689

6. Expenses -- support services

	1989	1988
Maintenance, security and electricity	$1 175 965	$1 129 946
Auditorium operations	576 521	517 264
Box office operations	542 882	469 014
Municipal and school taxes	987 087	969 558
Leasehold improvements	157 821	94 735
	$3 440 276	$3 180 517

7. Expenses -- staging of spectacles

Staging expenses of the Société for spectacles do not include charges for auditorium rent normally billed to producers. Those unbilled expenses, resulting neither in receipts nor in disbursements, amount to $86 681 $ in 1989 ($103 158 $ in 1988).

8. Expenses -- ancillary services

	1989	1988
Staging	$702 174	$572 465
Workshops	15 447	16 214
Bars	8 317	8 437
	$725 938	$597 116

9. Fixed assets

	At cost	
	1989	1988
Technical stage equipment	$2 372 829	$2 372 829
Leasehold improvements	1 408 434	1 408 434
Office furniture and equipment	76 649	76 649
	3 857 912	3 857 912
Fixed asset projects in progress *	1 804 775	840 463
Subsidies from the Gouvernement du Québec	(59 522)	
	1 745 253	840 463
	$5 603 165	$4 698 375

* Projects for $2 638 000 authorized by the Gouvernement du Québec, of which $788 000 have been completed in 1988-1989 and $1 850 000 are scheduled to be completed in 1989-1990.

The building housing the Grand Théâtre de Québec belongs to the Gouvernement du Québec which does not charge rent to the Société. However, in January 1985, the Government authorized the Société to acquire the building occupied by the Grand Théâtre de Québec for $1. The contract for this transaction has not yet been executed.

10. Owed to the Gouvernement du Québec

	1989	1988
Balance at the beginning	$467 115	
Application against the operating subsidy for the year	(467 115)	
Excess of subsidies and revenue over expenditure, to be remitted to the Gouvernement du Québec * (1988: balance of the excess)	224 261	$467 115
Balance at the end	$224 261	$467 115

* In accordance with section 32 of the Act incorporating the Société, mentioned in Note 1.

11. Deferred subsidies

	1989	1988
Operating subsidies applicable to the coming year, cashed before August 31		$876 400
Subsidy cashed in 1986-1987 for a transfer tax relating to the expected acquisition of the building housing the Société's activities	$113 343	113 343
	$113 343	$989 743

12. Production fund

	1989
Subsidy received during the year and balance at August 31, 1989	$106 715

The Société was authorized by the Gouvernement du Québec, on March 29, 1989 to create a production fund to insure the fulfilment of its purpose as described in section 20 of the Act of incorporation.,

13. Long-term debt

	1989	1988
Series "1" bonds at		
10%, maturing March 27, 1991	$1 825 000	$1 825 000
10,25%, maturing March 27, 1996	2 125 000	2 125 000
Bank loans *	1 474 000	736 000
Accounts payable and accrued expenses *	118 384	58 619
	$5 542 384	$4 744 619

* Bank loans, accounts payable and accrued expenses related to the fixed asset projects in progress are treated as a long-term debt since they will be repaid through long-term financing.

The Société receives a Gouvernement du Québec subsidy to cover the bonded debt service.

14. Comparative figures

Certain figures for 1988 have been reclassified for consistency with the presentation adopted in 1989.

AUDITOR'S REPORT

I have examined the balance sheet of Société du Grand Théâtre de Québec as at August 31, 1989 as well as the statement of revenue and expenditure and the statement of changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Société as at August 31, 1989 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies disclosed in Note 2 applied on a basis consistent with that of the preceding year.

The Auditor General of Québec,
Rhéal Chatelain, F.C.A.

Québec, November 3, 1989

SOCIÉTÉ DU GRAND THÉÂTRE DE QUÉBEC
SUPPLEMENTAL RETIREMENT PLAN FOR EMPLOYEES

CHANGES IN NET ASSETS
for the year ended December 31, 1988

	1988	1987
INCREASE IN ASSETS		
Contributions for current service		
Employees	$57 871	$61 263
Employers	82 778	81 108
	140 649	142 371
Additional employee contributions	37 396	
	178 045	142 371
Interest on deposits	223 932	210 952
	401 977	353 323
DECREASE IN ASSETS		
Employment termination benefits	120 443	124 999
Retirement benefits		50 674
Management fees	5 194	4 916
	125 637	180 589
INCREASE IN NET ASSETS	276 340	172 734
OPENING NET ASSETS	2 017 295	1 844 561
CLOSING NET ASSETS	$2 293 635	$2 017 295

NET ASSETS
as at December 31, 1988

	1988	1987
ASSETS		
Deposits in the general fund of a mutual insurance company and accumulated interest	$2 283 452	$2 022 207
Contributions receivable	10 183	16 281
	2 293 635	2 038 488
LIABILITIES		
Employment termination benefits payable		21 193
NET ASSETS	$2 293 635	$2 017 295

On behalf of the Board of Directors,

Louis Vézina
Claude Vadboncoeur

SOCIÉTÉ DU GRAND THÉÂTRE DE QUÉBEC
SUPPLEMENTAL RETIREMENT PLAN FOR EMPLOYEES

NOTE TO FINANCIAL STATEMENTS
December 31, 1988

The Plan

The supplemental retirement plan for employees of the Société du Grand Théâtre de Québec is a benefit based plan made up of employer and employee contributions.

AUDITOR'S REPORT

I have examined the statement of net assets of the supplemental retirement plan for employees of the Société du Grand Théâtre de Québec as at December 31, 1988 as well as the statement of changes in net assets for the year then ended. My examination was made in accordance with generally accepting auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the net assets of this plan as at December 31, 1988 and the changes in net assets for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The Auditor General of Québec
Rhéal Chatelain, F.C.A.

Québec, March 7, 1989

SOCIÉTÉ DU PALAIS DES CONGRÈS DE MONTRÉAL
R.S.Q., c. S-14.1

REVENUE AND EXPENDITURE AND DEFICIT
for the year ended March 31, 1990

	1990	1989
REVENUE		
Rental of space -- events	$2 310 788	$1 883 166
Royalties (Note 3)	2 066 579	1 236 425
Ancillary services (Note 4)	1 932 078	1 720 153
	6 309 445	4 839 744
EXPENDITURE		
Operating and administrative expenses (Note 5)	14 231 350	13 369 586
Hosting of events (Note 6)	1 879 649	1 899 045
Net financial expenses (Note 7)	10 082 000	9 582 792
	26 192 999	24 851 423
EXPENDITURE IN EXCESS OF REVENUE	19 883 554	20 011 679
SUBSIDY FROM THE GOUVERNEMENT DU QUÉBEC (Note 8)	20 336 577	17 019 051
EXCESS OF REVENUE AND SUBSIDY OVER EXPENDITURE	453 023	(2 992 628)
OPENING (DEFICIT) SURPLUS	(642 570)	2 350 058
CLOSING DEFICIT	($189 547)	($642 570)

SOCIÉTÉ DU PALAIS DES CONGRÈS DE MONTRÉAL

CHANGES IN FINANCIAL POSITION
for the year ended March 31, 1990

	1990	1989
OPERATING ACTIVITIES		
Excess of revenue and subsidy over expenditure	$453 023	($2 992 628)
Items not affecting liquid assets		
Amortization of deferred expenses	431 757	379 406
Loss in value of equipment intended for sale	374 054	
Loss on disposal of fixed assets	163 310	6 644
	1 422 134	(2 606 578)
Changes in assets and liabilities related to operations	61 157	(1 001 808)
Funds generated (absorbed) by operating activities	1 483 291	(3 608 386)
INVESTMENT ACTIVITIES		
Acquisition of fixed assets	(1 229 679)	(580 949)
Revenue from disposal of fixed assets	44 975	1 000
Funds absorbed by investment activities	(1 184 704)	(579 949)
FINANCING ACTIVITIES		
Contribution from the Gouvernement du Québec	792 423	580 949
Special subsidy from the Gouvernement du Québec to settle a claim relating to the construction of the building	381 000	
Funds generated by financing activities	1 173 423	580 949
INCREASE (DECREASE) IN LIQUID ASSETS	1 472 010	(3 607 386)
OPENING LIQUID ASSETS	4 754 452	8 361 838
CLOSING LIQUID ASSETS	$6 226 462	$4 754 452

The Société's liquid assets consist of cash and term deposits.

SOCIÉTÉ DU PALAIS DES CONGRÈS DE MONTRÉAL

BALANCE SHEET
as at March 31, 1990

	1990	1989
ASSETS		
CURRENT ASSETS		
Cash	$326 462	$354 452
Term deposits -- at cost	5 900 000	4 400 000
Accounts receivable and accrued interest	476 586	435 827
Prepaid expenses	362 202	139 200
	7 065 250	5 329 479
FIXED ASSETS (Note 9)	85 443 927	85 177 587
DEFERRED EXPENSES, at amortized cost	4 668 192	5 119 939
	$97 177 369	$95 627 005
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$3 871 889	$3 836 206
Customer deposits	1 041 547	772 312
	4 913 436	4 608 518
LONG-TERM DEBT (Note 10)	86 500 000	86 500 000
	91 413 436	91 108 518
EQUITY		
Contribution from the Gouvernement du Québec (Note 11)	5 953 400	5 161 057
Deficit	189 467	642 570
	5 763 933	4 518 487
	$97 177 369	$95 627 005

CONTINGENT LIABILITY (Note 13)

On behalf of the Board of Directors,

Bruno M. Fragasso
Lucette L. St-Amant

NOTES TO FINANCIAL STATEMENTS
March 31, 1990

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1. Constitution and purpose

The Société du Palais des congrès de Montréal was incorporated under a special Act (R.S.Q., c. S-14.1) as a corporation within the meaning of the Civil Code, for the purpose of:

- administering and operating the Palais des congrès de Montréal;
- preparing development or operating plans for the Palais des congrès;
- carrying on business and other activities that will contribute to the development of the Palais des congrès by operating, promoting and administering them.

2. Accounting policies

The Société's financial statements have been prepared by management on the accrual basis in accordance with the accounting policies as disclosed below. These statements include amounts based on best estimates and judgment.

Fixed assets

Fixed assets are recorded at cost and are not depreciated.

Subsidies received for fixed assets are entered as reduction of their cost.

However, equipment intended for sale is valued at the lower of cost and net realizable value.

Deferred charges

The cost of a currency swap fixing the amount in Canadian dollars of the repayment of principal and interest of a borrowing in foreign currency is deferred.

These deferred charges are amortized by the effective interest method on the interest payment date.

Subsidy from the Gouvernement du Québec

The Société records and distributes the annual subsidy from the Gouvernement du Québec in the following way:

- Contribution by the Government to Société equity
  - Contribution for acquisition of fixed assets
  - Contribution to repayment of the long-term debt
- Operating subsidy
  - Contribution to cover the excess of expenditure over revenue for the year

3. Royalties

	1990	1989
Ticket sales	$132 934	$192 543
Food services	1 529 494	837 564
Electronic services	182 339	121 659
Audiovisual services	193 626	77 671
Other	8 186	6 988
	$2 046 579	$1 236 425

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990

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4. Ancillary services

	1990	1989
Parking	$694 412	$593 766
Furnishings	384 886	345 548
Audiovisual	443 590	432 718
Cloakroom	105 447	114 080
Info-Montréal	7 757	7 200
Media facilities	25 635	16 449
Souvenir shop	101 871	68 630
Other	168 480	141 762
	$1 932 078	$1 720 153

5. Operating and administrative expenses

	1990	1989
Taxes	$4 464 458	$4 387 120
Insurance and permits	109 503	136 959
Electricity and heating	839 868	957 466
Security	414 745	483 933
Maintenance and repairs	2 823 237	2 259 522
Rent	17 246	11 055
Advertising and promotion	802 267	1 117 352
Salaries and wages	3 474 030	3 354 306
Professional and administrative services	417 920	320 779
Travelling expenses	55 881	58 275
Telephone and courier	115 499	124 247
Stationery and printing	117 373	92 477
Loss on disposal of fixed assets	163 310	6 644
Loss in value of equipment intended for sale	374 054	
Other expenses	41 959	59 451
	$14 231 350	$13 369 586

6. Hosting of events

	1990	1989
Salaries -- staff at the event	$750 117	$785 039
Mounting publicity	10 338	13 547
Food services	9 703	13 674
Furnishings	819 898	851 765
Audiovisual services	124 001	83 236
Ticket printing	1 881	5 361
Security	5 194	22 452
Souvenir shop	104 402	71 082
Miscellaneous	54 115	52 889
	$1 879 649	$1 899 045

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990

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7. Net financial expenses

	1990	1989
Interest on long-term debt	$10 244 302	$9 589 021
Amortization of deferred charges	431 747	379 406
Other interest and bank charges	8 132	15 673
	10 684 181	9 984 100
Interest on bank balance and term deposits	602 181	401 308
	$10 082 000	$9 582 792

8. Subsidy from the Gouvernement du Québec

	1990	1989
Operating subsidy	$20 356 577	$17 019 051
Special subsidy to settle a claim relating to the construction of the building, deducted from the cost of fixed assets	381 000	
Contribution from the Gouvernement du Québec to the Société's equity:		
Contribution to acquisition of fixed assets	792 423	580 949
	$21 530 000	$17 600 000

9. Fixed assets

	1990	1989
Land	$2 985 051	$2 985 051
Building	99 269 407	98 254 196
Furniture and equipment	8 724 907	9 140 778
Equipment intended for sale	48 000	
	111 027 365	110 380 025
Less:		
Subsidy from the Government of Canada	24 000 000	24 000 000
Subsidy from the Gouvernement du Québec	881 000	500 000
Subsidy from the Government of Canada in the form of furniture and equipment transferred free of charge	464 600	464 600
Subsidy from Hydro-Québec	237 838	237 838
	25 583 438	25 202 438
	$85 443 927	$85 177 587

10. Long-term debt

	1990	1989
Bank loan		
Line of credit, variable rate, repayable November 15, 1990	$12 000 000	
Note payable		
The Industrial Bank of Japan Limited, US$20 000 000, 13% annually (effective rate of 13,35% in view of deferred charges), non-callable and maturing September 27, 1996. A currency swap contract covers the cost in Canadian dollars.of interest payments and the repayment of principal	32 500 000	$32 500 000
Bonds		
Series "B", 12,85% annually		12 000 000
Series "C", 13,20% annually, non-callable, maturing November 16, 1994	12 000 000	12 000 000
Séries "D", at variable interest rates, callable and maturing March 14, 1991	30 000 000	30 000 000
	42 000 000	54 000 000
	$86 500 000	$86 500 000

Principal and interest for the long-term debt are guaranted by the Gouvernement du Québec. It is foreseen that at maturity, these borrowings will be subjected to a long-term financing process.

11. Contribution from the Gouvernement du Québec

	1990	1989
Contribution to acquisition of fixed assets	$5 831 607	$5 039 184
Furniture transferred free of charge	121 873	121 873
	$5 953 480	$5 161 057

12. Pension plan

Société employees are participants in the Government and Public Employees Retirement Plan (RREGOP). This plan is of the defined benefit type and guarantees pension and death benefits.

Société contributions charged to operations for the year total $130 072 ($109 882 in 1989). The Société's obligations toward this Government plan are limited to its contributions for current service as an employer.

13. Contingent liability

A non-judicial $23 million claim relating to the construction of the building has been filed against the Société in an arbitration court, whose award is not binding. In the opinion of the Société and of its legal advisers, the outcome of this claim can hardly be estimated; consequently, no provision for loss has been recorded.

Any loss resulting from this contingency will be charged to building expenditures for the then current year.

AUDITOR'S REPORT

I have examined the balance sheet of the Société du palais des congrès de Montréal as at March 31, 1990 as well as the statement of revenue and expenditure and deficit and the statement of changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Société as at March 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies disclosed in Note 2 applied on a basis consistent with that of the preceding year.

The Auditor General of Québec,
Rhéal Chatelain, F.C.A.

Québec, June 22, 1990

SOCIÉTÉ DU PARC INDUSTRIEL DU CENTRE DU QUÉBEC
R.S.Q., c. S-15

REVENUE AND EXPENDITURE
for the year ended March 31, 1990

	1990	1989
REVENUE (Note 3)	$4 780 256	$11 392 096
OPERATING EXPENSES BY ACTIVITY SECTOR (Note 4)		
General administration	954 161	842 029
Buildings	350 243	414 431
Port facilities	257 186	167 156
Machinery and equipment	130 276	118 157
Water and sewer system	102 964	77 489
Industrial water system	515 691	417 524
Road system	219 894	206 412
Parking lots	171 708	77 625
	2 702 123	2 320 823
DEPRECIATION ON FIXED ASSETS	2 504 546	2 523 061
	5 206 669	4 843 884
EXPENDITURE IN EXCESS OF REVENUE	426 413	(6 548 212)
Debt service and participation in water and sewer system of the Ville de Bécancour (Note 5)	7 652 279	5 460 461
EXPENDITURE IN EXCESS OF REVENUE BEFORE THE FOLLOWING ITEM	8 078 692	(1 087 751)
Expenditure assumed by the Gouvernement du Québec (Note 6)	6 052 543	4 360 833
EXPENDITURE IN EXCESS OF REVENUE	$2 026 149	($5 448 584)

DEFICIT
for the year ended March 31, 1990

	1990	1989
OPENING DEFICIT	$3 232 111	$8 712 495
Expenditure in excess of revenue	2 026 149	(5 448 584)
Contribution of the Gouvernement du Québec to the repayment of the long-term debt	(5 000 000)	
Acquisition of fixed assets assumed by the Gouvernement du Québec	(35 583)	(31 800)
CLOSING DEFICIT	$222 677	$3 232 111

SOCIÉTÉ DU PARC INDUSTRIEL DU CENTRE DU QUÉBEC

CHANGES IN FINANCIAL POSITION
for the year ended March 31, 1990

	1990	1989
OPERATING ACTIVITIES		
Expenditure in excess of revenue	($2 026 149)	$5 448 584
Items not affecting liquid assets:		
Depreciation on fixed assets	2 504 546	2 523 061
(Gain) Loss on disposal of fixed assets	(126 169)	22 664
Gain on the sale of lots	(219 854)	(6 941 596)
	132 374	1 052 713
Receipts from lot sales and balance of selling price	876 837	1 573 822
Acquisition of lots for sale	(355 817)	
Changes in other assets and liabilities related to operations	(529 827)	410 098
Funds generated by operating activities	123 567	3 036 633
FINANCING ACTIVITIES		
Long-term debt -- variation	(3 500 000)	7 500 000
Subsidy of the Gouvernement du Québec for the repayment of the long-term debt	5 000 000	
Funds generated by financing activities	1 500 000	7 500 000
INVESTMENT ACTIVITIES		
Acquisition of fixed assets		
in current year	(1 979 761)	(9 692 993)
as settlement of litigation		(1 478 906)
	(1 979 761)	(11 171 899)
Contribution of the Gouvernment du Québec to the acquisition of fixed assets	35 583	31 800
Proceeds of the disposal of fixed assets	640 000	610 000
Funds absorbed by investment activities	(1 304 178)	(10 530 099)
INCREASE IN LIQUID ASSETS	319 389	6 534
OPENING LIQUID ASSETS	371 640	365 106
CLOSING LIQUID ASSETS	$691 029	$371 640

The Société's liquid assets consist of cash and term deposit.

SOCIÉTÉ DU PARC INDUSTRIEL DU CENTRE DU QUÉBEC

BALANCE SHEET
as at March 31, 1990

	1990	1989
ASSETS		
CURRENT ASSETS		
Cash	$191 029	$371 640
Term deposit -- at cost	500 000	
Accounts receivable	478 521	625 546
Balance on selling price of lots (Note 7)	621 058	653 601
Prepaid expenses	455 148	170 029
	2 245 756	1 820 816
BALANCE ON SELLING PRICE OF LOTS (Note 7)	4 923 788	5 544 846
LOTS FOR SALE	3 782 201	3 429 766
FIXED ASSETS (Note 8)	44 768 606	45 807 222
	$55 720 351	$56 602 650
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	$1 159 764	$1 134 413
Owed to the Gouvernement du Québec	228 633	6 952
Progressive assessments and holdbacks on contracts	288 026	877 638
Deferred revenues	266 605	268 100
Deposits on lot sales		47 658
	1 943 028	2 334 761
LONG-TERM DEBT (Note 9)	54 000 000	57 500 000
DEFICIT	(222 677)	(3 232 111)
	$55 720 351	$56 602 650

COMMITMENTS (Note 10)

CONTINGENT LIABILITIES (Note 11)

On behalf of the Société,

Nicole D. Gélinas
Pierre Clouâtre

NOTES TO FINANCIAL STATEMENTS
March 31, 1990

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1. Constitution and purpose

Founded under the Act respecting the Société du parc industriel du centre du Québec (R.S.Q., c. S-15), the Société has been given the task of promoting the industrial development of the center of Québec by establishing an industrial park on the territory of the Ville de Bécancour and equipping it with the facilities required for its development.

Under the terms of its Act of incorporation, the funds from Société operations are to be used to pay taxes and reimburse the Société's debts and other commitments as well as any advances from the Gouvernement du Québec, any balance being transferred to the Consolidated Revenue Fund.

2. Accounting policies

The Société's financial statements have been prepared by management on the accrual basis in accordance with the accounting policies as disclosed hereunder. They include amounts based on best estimates and judgment.

Lots for sale

Lots for sale are recorded at average cost. Municipal and school taxes along with any interest charges on these lots are charged to operations.

The sale of a lot is entered at the date the notarized deed is executed.

Fixed assets

Fixed assets are shown at their original cost, less attendant subsidies from the Gouvernement du Québec. They are depreciated by the straight-line method, at the following rates:

Buildings	2 1/2% to 10%
Water and sewage systems	3 1/3% to 100%
Gas pipeline	3 1/3%
Roads, streets, warehousing and parking space	4% and 5%
Port facilities	2 1/2% to 12 1/2%
Industrial water plant and system	2 1/2% and 5%
Rail network	2 1/2%
Industrial machinery	6 2/3%
Furniture, fixtures and equipment	10%
Data processing, office automation and automotive equipment	20%

Expenses not shown in the statement of revenue and expenditure

Fringe benefits, including the employer contribution to Government pension plans and certain support services, are assumed by various Government departments and agencies and are not shown in the statement of revenue and expenditure.

3. Revenue

	1990	1989
Sale of lots:		
Lots sold	$223 236	$7 649 029
Cost of lots sold	3 382	707 433
Amounts carried forward	$219 854	$6 941 596

3. Revenue (cont'd)

	1990	1989
Amounts brought forward	$219 854	$6 941 5962
Other revenue:		
Rent -- buildings	350 253	370 896
Rent -- land	484 121	503 533
Sale of easements	341 600	1 000
Port duties	1 575 037	1 227 211
Industrial water	476 333	423 760
Drinking water	219 297	213 863
Recovery of certain maintenance costs from the Ville de Bécancour	165 905	154 330
Interest on balance from lot sales	631 694	1 478 139
Interest on cash and term deposits	94 925	61 828
Gain on disposal of fixed assets	162 597	
Miscellaneous	58 640	15 940
	4 560 402	4 450 500
	$4 780 256	$11 392 096

4. Operating expenses by category

	1990	1989
Salaries, wages and allowances	$827 081	$799 874
Materials and supplies	713 989	563 638
Maintenance and repairs	453 941	382 744
Property taxes	289 053	263 141
Professional services	168 324	202 511
Bad debts	199	602
Transportation and communication	198 128	59 892
Rent	9 313	21 545
Loss on disposal of fixed assets	36 428	22 664
Other	5 667	4 212
	$2 702 123	$2 320 823

5. Debt service and participation in the water and sewer systems of the Ville de Bécancour

	1990	1989
Interest on the long-term debt	$6 072 148	$5 223 225
Participation in the water and sewer systems of the Ville de Bécancour	1 627 381	284 486
Less:		
Subsidy from the Ministère des Affaires municipales concerning this participation	(47 250)	(47 250)
	1 580 131	237 236
	$7 652 279	$5 460 461

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990

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6. Expenditure assumed by the Gouvernement du Québec

	1990	1989
Salaries, wages and allowances	$827 081	$799 874
Interest on the long-term debt	3 676 100	2 326 417
Materials and supplies	713 989	563 638
Maintenance and repairs	453 941	382 744
Professional services	168 324	202 511
Transportation and communication	198 128	59 892
Rent	9 313	21 545
Other	5 667	4 212
	$6 052 543	$4 360 833

7. Balance from lot sales

	1990	1989
Secured by first mortgage at 10,2%, repayable in semi-annual instalments of $558 666, principal and interest, maturing February 1, 1997	$5 494 846	$6 011 827
Other	50 000	186 620
	5 544 846	6 198 447
Portion due within one year	621 058	653 601
	$4 923 788	$5 544 846

8. Fixed assets

	1990			1989
	Cost*	Accumulated depreciation	Net	Net
Land	$61 926		$61 926	$68 798
Buildings	3 291 717	$1 036 185	2 255 532	2 759 238
Water and sewage systems	5 032 094	2 765 189	2 266 905	2 322 295
Gas pipeline	674 843	44 990	629 853	652 348
Roads, streets, warehousing and parking space	7 749 117	4 133 915	3 615 202	3 010 375
Port facilities	37 297 435	10 964 483	26 332 952	27 427 719
Industrial water plant and system	11 280 665	2 495 598	8 785 067	8 697 292
Rail network	575 568	108 806	466 762	481 152
Equipment and tools	663 647	309 240	354 407	388 005
	$66 627 012	$21 858 406	$44 768 606	$45 807 222

* Initial cost less attendant Gouvernement du Québec subsidies.

9. Dette à long terme

	1990	1989
Term notes, The Industrial Bank of Japan Ltd., The Yasuka Fire and Marine Insurance Co. Ltd., The Nissan Fire and Marine Insurance Co. Ltd., The Toyo Fire and Marine Insurance Co. Ltd., guaranteed by the Gouvernement du Québec, 9,57%, interest payable semi-annually, maturing in 1993	$35 000 000	$35 000 000
Bank acceptance, 13,60% (1989: 11,79%)	19 000 000	22 500 000
	$54 000 000	$57 500 000

10. Commitments

Debt service of the Ville de Bécancour

Under an agreement with Ville de Bécancour that the Government ratified on April 11, 1973, the Société is authorized to take part in financing, until 2011, the water and sewer systems serving part of the city and the industrial park.

The Société has committed itself to pay the annual debt service on two borrowings by Ville de Bécancour, less any subsidies from the Ministère des Affaires municipales in connection with these borrowings and certain other revenues.

Changes during the year in borrowings associated with this commitment:

Initial issues	At March 31 1989	Payments during year			At March 31 1990
		Amount	Interest	Principal	
$1 000 000	$82 000	$88 970	$6 970	$82 000	
1 478 000	1 280 000	1 443 200	163 200	1 280 000	
672 000	592 000	64 285	54 285	10 000	$582 000
450 000	220 900	30 926	30 926		220 900
$3 600 000	$2 174 900	$1 627 381	$255 381	$1 372 000	$802 900

Contracts related to the development and facilities of the industrial park.

The Société's commitments to contractors for infrastructure work in progress amounted to $290 694 at March 31, 1990.

11. Contingent liabilities

a. As the result of lawsuit filed by a contractor against a company responsible for port installation work, the said company received authorization in February 1987, from the court, to commit the Société as guarantor for the amount of $846 890.

b. A lawsuit for about $113 000 was filed against the Société.

c. The Société has received, jointly with two concerns located in the park, a formal notice for $504 000.

In the opinion of the Société and of its legal counsel, no significant payment could result from these contingencies. Therefore, no provision for this purpose has been established. Any payments resulting from the outcome of contingencies a. and b. will be charged to fixed assets on payment date while the payment resulting from contingency c. would be charged to operations for the then current year.

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12. Comparative figures

Certain figures for 1989 have been reclassified for consistency with the presentation adopted in 1990.

AUDITOR'S REPORT

I have examined the balance sheet of the Société du parc industriel du centre du Québec as at March 31, 1990 as well as the statement of revenue and expenditure, the statement of deficit and the statement of changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Société as at March 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies disclosed in Note 2 applied on a basis consistent with that of the preceding year.

The Auditor General of Québec,
Rhéal Chatelain, F.C.A.

Québec, May 25, 1990

SOCIÉTÉ DU PARC INDUSTRIEL ET PORTUAIRE QUÉBEC-SUD
R.S.Q., c. S-11.04

STATEMENT OF OPERATIONS
for the year ended March 31, 1990

	1990	1989
REVENUE		
Subsidy -- Gouvernement du Québec	$100 000	$258 600
Interest	13 025	23 703
Gain on disposal of fixed assets	500	
	113 525	282 303
EXPENDITURE		
General and administrative expenses	106 616	455 986
Advertising and printing	3 300	(7 824)
Research		871
	109 916	449 033
	(3 609)	166 730
EXPENDITURE IN EXCESS OF REVENUE Pointe-de-la-Martinière project	14 992	26 625
EXPENDITURE IN EXCESS OF REVENUE FOR THE YEAR	$11 383	$193 355

DEFICIT
for the year ended March 31, 1990

	1990	1989
OPENING BALANCE	$1 835 975	$1 642 620
Expenditure in excess of revenue for the year	11 383	193 355
CLOSING BALANCE	$1 847 358	$1 835 975

CHANGES IN FINANCIAL POSITION
for the year ended March 31, 1990

	1990	1989
OPERATING ACTIVITIES		
Excess of expenditure over revenue for the year	($11 383)	($193 355)
Depreciation on fixed assets, not affecting liquid assets	9 313	7 200
	(2 070)	(186 155)
Decrease (Increase) in non-cash working capital items related to operations		
Advances	92 196	(92 196)
Interest receivable	9	1 444
Advances for travelling expenses		1 200
Accounts payable and accrued expenses	1 702	(59 667)
	93 907	(149 219)
Funds generated (absorbed) by operating activities	91 837	(335 374)
INVESTMENT ACTIVITIES		
Acquisition of fixed assets and funds absorbed by investment activities	(976)	
DECREASE IN NET LIQUID ASSETS	90 861	(335 374)
NET LIQUID ASSETS AT BEGINNING	25 595	360 969
NET LIQUID ASSETS AT THE END	$116 456	$25 595
Net liquid assets consist of:		
Cash	$41 456	$25 595
Term deposits	75 000	
	$116 456	$25 595

SOCIÉTÉ DU PARC INDUSTRIEL ET PORTUAIRE QUÉBEC-SUD

BALANCE SHEET
as at March 31, 1990

	1990	1989
ASSETS		
CURRENT ASSETS		
Cash	$41 456	$25 595
Term deposits	75 000	
Interest receivable	489	498
Interest-free advances to Société de promotion économique du Québec Métropolitain		92 196
	116 945	118 289
FIXED ASSETS (Note 3)	2 777 024	2 785 361
	$2 893 969	$2 903 650
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$2 327	$625
SHAREHOLDER'S EQUITY		
CAPITAL STOCK		
Authorized, 1 000 common shares of a par value of $1 each		
Issued and paid		
1 000 shares	1 000	1 000
CONTRIBUTED SURPLUS	4 738 000	4 738 000
DEFICIT	(1 847 358)	(1 835 975)
	2 891 642	2 903 025
	$2 893 969	$2 903 650

On behalf on the Board of Directors,

Denis Grenier, Director
Ross Gaudreault, Director

SOCIÉTÉ DU PARC INDUSTRIEL ET PORTUAIRE QUÉBEC-SUD

ADDITIONAL INFORMATION

EXPENDITURE
for the year ended March 31, 1990

	1990	1989
GENERAL AND ADMINISTRATIVE EXPENSES		
Salaries and wages	$25 570	$232 749
Severance pay		34 125
Directors' fees		5 700
Rent	6 220	49 128
Insurance	3 023	1 112
Business taxes		654
Telecommunications and postage	7 095	15 653
Data bank	48	1 774
Data processing	1 746	2 278
Office expenses	2 935	5 174
Rental of equipment	1 894	2 829
Travelling and entertainment expenses	4 972	34 113
Consulting fees	37 225	53 899
Legal and auditing fees	6 296	9 243
Bank charges	279	355
Depreciation		
Furniture and office equipment	8 302	5 930
Data processing equipment	1 011	1 270
	$106 616	$455 986

STATEMENT OF OPERATIONS -- POINTE-DE-LA-MARTINIÈRE PROJECT
for the year ended March 31, 1990

	1990	1989
REVENUE		
Building rental	$9 744	$3 058
EXPENDITURE		
Taxes	20 753	23 724
Maintenance	3 008	2 150
Insurance	975	709
Demolition expenses		3 100
	24 736	29 683
EXPENDITURE IN EXCESS OF REVENUE	$14 992	$26 625

NOTES TO FINANCIAL STATEMENTS
March 31, 1990

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1. Constitution and nature of activities

Under Bill 27 of the National Assembly assented to June 17, 1988, the name of the Société has been changed to Société du parc industriel et portuaire Québec-Sud and the purpose of the Société in the future will be as follows:

-- promote, in the territory of the city of Lauzon, the development of an industrial and harbour park dedicated to major industrial projects;
-- manage the industrial and harbour park; and
-- buy, sell or exchange land in the territory of the Ville de Lauzon.

2. Accounting policies

Fixed assets

The cost of land at Pointe-de-la-Martinière includes the acquisition cost and all attendant expenses, like notarial, surveying, town planning and other costs.

Depreciation on furniture, office equipment and data processing equipment is taken by the diminishing balance method.

Contributed surplus

All sums received since February 1, 1982 from the federal and the provincial governments, under the Canada-Québec auxiliary agreement on acquisition and development of industrial land at Pointe-de-la-Martinière and for the financial participation of the Société in industrial projects, are accounted for as contributed surplus.

3. Fixed assets

		1990			1989
	Depreciation rate	Acquisition cost	Accumulated depreciation	Net amount	Net amount
Land -- Pointe-de-la Martinière		$2 758 678		$2 758 678	$2 758 678
Furniture and office equipment	35%	67 428	$52 010	15 418	23 719
Data processing equipment	30%	5 956	3 028	2 928	2 964
		$2 832 062	$55 038	$2 777 024	$2 785 361

Depreciation for the year amounts to $9 313 ($7 200 in 1989).

4. Contingent liabilities

Claims for damages amounting to $117 000 have been filed against the Société by a group of persons who had received expropriation notices. Following the court decision in the Irving case, the Société has filed a non-suit writ. At the date of the financial statements, it is impossible to determine the amount that the Société could be called upon to pay, and therefore no provision has been set-up in the financial statements of the Société.

AUDITORS' REPORT

To the shareholders of
Société du parc industriel et portuaire Québec-Sud

We have examined the balance sheet of the Société du parc industriel et portuaire Québec-Sud as at March 31, 1990 and the statements of operations deficit and changes in financial position for the year then ended. We obtained all the information and explanations that we requested. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, from the information and explanations provided to us and based on the information contained in the Société's books, these financial statements present fairly the real and exact financial position of the Société as at March 31, 1990 and the results of its operations and changes in its financial position for the year then ended in accordance with generally accepted accounting principles, applied on a basis consistent with that of the preceding year.

Laliberté Lanctôt
Chartered Accountants

Québec, Canada
May 3, 1990

SOCIÉTÉ DU PORT FERROVIAIRE DE BAIE-COMEAU-HAUTERIVE
S.Q., 1975, c. 48

REVENUE AND EXPENDITURE AND SURPLUS
for the year ended December 31, 1989

	1989	1988
REVENUE		
Tolls	$1 242 681	$1 330 769
Interest on bank deposits	33 865	6 447
Other	5 080	2 649
	1 281 626	1 339 865
EXPENDITURE		
Operating and administrative expenses		
Services	387 721	385 969
Management contract	51 000	48 000
Municipal and school taxes	338 889	354 500
Insurance	45 769	53 900
Maintenance, repairs and electricity	141 473	172 966
Salaries, wages and directors' fees	16 010	15 858
Travelling expenses	18 896	16 025
Office expenses	33 040	20 987
Interest and bank charges	15	3 304
Professional fees	8 500	
Depreciation on the railport complex	59 883	62 183
	1 101 196	1 133 692
REVENUE IN EXCESS OF EXPENDITURE	180 430	206 173
OPENING SURPLUS	1 469 501	1 263 328
CLOSING SURPLUS	$1 649 931	$1 469 501

SOCIÉTÉ DU PORT FERROVIAIRE DE BAIE-COMEAU-HAUTERIVE

BALANCE SHEET
as at December 31, 1989

	1989	1988
ASSETS		
CURRENT ASSETS		
Cash	$461 440	$180 405
Accounts receivable	81 564	107 037
Prepaid expenses	15 036	14 715
	558 040	302 157
RAILPORT COMPLEX (Note 3)		
Capitalized charges	9 731 766	9 715 580
Less: Subsidies	7 831 772	7 831 772
	1 899 994	1 883 808
Accumulated depreciation	762 216	702 333
	1 137 778	1 181 475
	$1 695 818	$1 483 632
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	$45 887	$14 131
SURPLUS	1 649 931	1 469 501
	$1 695 818	$1 483 632

On behalf of the Board of Directors,

Jacques Asselin
Jean-Guy Rousseau

NOTES TO FINANCIAL STATEMENTS
December 31, 1989

1. Constitution and purpose

A non-profit corporation incorporated under a special Act (S.Q., 1975, c. 48) and governed by Part 3 of the Companies Act, the Société du port ferroviaire de Baie-Comeau-Hauterive is responsible for operating the railport complex at Baie-Comeau.

2. Accounting policies

The Société's financial statements were prepared by management in accordance with generally accepted accounting principles. They include amounts based on best estimates and judgment.

Railport complex

After subsidies have been subtracted, charges capitalized to the railport complex, consisting mainly of a dock and attendant facilities, are depreciated at the rate of 5% by the diminishing balance method.

3. Railport complex

	1989	1988
Charges capitalized -- at cost	$9 731 766	$9 715 580
Less: Subsidies		
Gouvernement du Québec	3 831 772	3 831 772
Government of Canada	2 000 000	2 000 000
Ville de Baie-Comeau	1 000 000	1 000 000
Canadien National	1 000 000	1 000 000
	7 831 772	7 831 772
	$1 899 994	$1 883 808
Additional charges capitalized for the fiscal year	$16 186	$99 106

The railport complex is built on land under lease from the Government of Canada, the Gouverrment du Québec and the Compagnie de papier Q.N.S. Limitée. The annual rent for the land amounts to $378.

AUDITOR'S REPORT

I have examined the balance sheet of the Société du port ferroviaire de Baie-Comeau-Hauterive as at December 31, 1989 as well as the statement of revenue and expenditure and surplus for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the the Société as at December 31, 1989 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The Auditor General of Québec,
Rhéal Chatelain, F.C.A.

Québec, February 22, 1990

SOCIÉTÉ GÉNÉRALE DE FINANCEMENT DU QUÉBEC
R.S.Q., c. S-17

CONSOLIDATED STATEMENT OF EARNINGS
for the year ended December 31
(in thousands of dollars)

	1989	1988
SALES	559 441	539 830
EARNINGS BEFORE THE FOLLOWING ITEMS	71 118	129 547
Deduct		
Depreciation of fixed assets	21 735	21 830
Amortization of start-up costs	7 203	7 353
Amortization of goodwill	900	900
Amortization of deferred foreign exchange gain	(7 515)	(7 328)
Interest and expenses on long-term debt	17 748	18 209
Interest and expenses on short-term debt	3 246	189
	43 317	41 153
Add		
Investment income	27 565	21 963
Share in earnings (losses) of companies subject to significant influence	(5 767)	24 833
	21 798	46 796
	49 599	135 190
Foreseeable loss on contracts in progress (Note 5)	(257 506)	
Minority interest	(822)	5 466
EARNINGS (LOSS) FROM CONTINUING OPERATIONS	(208 729)	140 656
DISCONTINUED OPERATIONS		
Earnings (loss) from discontinued operations (Note 2)	(21 628)	4 419
Share in earnings of discontinued operations of companies subject to significant influence	2 916	1 934
NET EARNINGS (LOSS)	(227 441)	147 009

CONSOLIDATED STATEMENT OF RETAINED EARNINGS
for the year ended December 31
(in thousands of dollars)

	1989	1988
BALANCE AT BEGINNING	451 845	322 326
Net earnings (loss)	(227 441)	147 009
Transfer from contributed surplus		2 510
	224 404	471 845
Dividends	25 000	20 000
BALANCE AT END	199 404	451 845

CONSOLIDATED CHANGES IN FINANCIAL POSITION
for the year ended December 31
(in thousands of dollars)

	1989	1988
OPERATING ACTIVITIES		
Cash provided by continuing operations (Note 8)	89 220	144 931
Changes in non-cash operating working capital items related to operations and holdbacks on contracts	24 254	(44 508)
	113 474	100 423
FINANCING ACTIVITIES		
Changes in long-term debt	(2 404)	(8 890)
Changes in long-term advances on contracts and deferred revenue	(11 102)	(8 796)
Increase in minority interest		20 500
Dividends paid	(25 000)	(20 000)
	(38 506)	(17 186)
INVESTING ACTIVITIES		
Net changes in long-term investments	(13 116)	(4 203)
Net start-up costs	(293)	48
Net acquisition of fixed assets	(82 267)	(32 529)
Other assets	(8 843)	
	(104 519)	(36 684)
CHANGES IN CASH PROVIDED BY CONTINUING OPERATIONS	(29 551)	46 553
CASH PROVIDED BY (USED FOR) DISCONTINUED OPERATIONS	(37 696)	35 438
CASH AT BEGINNING	213 286	131 295
CASH AT END	146 039	213 286

Cash comprises cash and temporary investments, net of bank loans.

SOCIÉTÉ GÉNÉRALE DE FINANCEMENT DU QUÉBEC

CONSOLIDATED BALANCE SHEET
as at December 31
(in thousands of dollars)

	1989	1988
CURRENT ASSETS		
Cash and temporary investments	194 797	215 819
Accounts receivable	110 778	127 405
Contracts in progress, net of progress billing	2 730	
Inventories	45 446	35 199
Prepaid expenses	4 470	3 642
Current portion of long-term investments	5 355	4 105
Net assets of discontinued operations (Note 2)		10 886
	363 576	397 056
LONG-TERM INVESTMENTS (Note 3)	409 564	413 938
FIXED ASSETS, LESS DEPRECIATION OF $138 660 000 ($144 398 000 IN 1988)	396 950	336 106
START-UP COSTS, LESS AMORTIZATION OF $23 851 000 ($16 648 000 IN 1988)	12 457	19 367
OTHER ASSETS	15 449	11 180
	1 197 996	1 177 647
CURRENT LIABILITIES		
Bank loans (Note 4)	48 758	2 533
Accounts payable and accrued liabilities	98 780	91 762
Current portion of long-term debt	21 087	20 452
Net liabilities of discontinued operations (Note 2)	3 610	
Progress billing, net of costs of contracts in progress		20 889
Current portion of long-term advances		7 500
	172 235	143 136
DEFERRED FOREIGN EXCHANGE GAIN	16 386	19 262
LONG-TERM ADVANCES ON CONTRACTS AND DEFERRED REVENUE	28 450	32 052
PROVISION FOR FORESEEABLE LOSS ON CONTRACTS IN PROGRESS (Note 5)	257 506	
LONG-TERM DEBT (Note 6)	159 494	167 172
MINORITY INTEREST	21 610	20 788
SHAREHOLDER'S EQUITY		
Capital stock (Note 7)	347 500	347 500
Translation adjustment	(4 589)	(4 108)
Retained earnings	199 404	451 845
	542 315	795 237
	1 197 996	1 177 647

On behalf of the Board,

Paul Berthiaume, Director
Franco Fava, Director

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1. Significant accounting policies

a) Consolidation principles

The consolidated financial statements include the accounts of the Company, those of its subsidiaries, which are accounted for under the full consolidation method, as well as the accounts of its partnerships and limited partnerships, which are accounted for under the proportionate consolidation method.

The earnings of subsidiaries, partnerships and limited partnerships are included in the consolidated financial statements as of their respective dates of acquisition and until their respective dates of disposition, if applicable.

b) Accounting of revenue from design and manufacturing contracts

The Company accounts for its revenue from shipbuilding and from naval and industrial engineering under the percentage of completion method; revenue from the hydroelectric sector is accounted for as units are completed. The Company provides for any foreseeable loss.

c) Inventories

Inventories are valued at the lower of average cost and net realizable value.

d) Contracts in progress

Contracts in progress include the costs of direct labour, materials and overhead plus any estimated profit.

e) Long-term investments

The investments in Domtar Inc. and Ligma Corporation, companies subject to significant influence, are accounted for using the equity method. Other long-term investments are recorded at cost.

f) Consolidated goodwill

Goodwill is amortized using the straight-line method over a period of forty years.

g) Fixed assets and depreciation

Fixed assets are recorded at cost, less all related grants. The Company provides for depreciation principally using the straight-line method based on the estimated useful lives of the assets.

h) Start-up costs

Start-up costs include the excess of operating costs incurred during a smelter start-up stage over comparable operating costs during normal operation, plus financial expenses incurred during this same period. These costs are amortized using the straight-line method over a period of five years in proportion to the number of pots put into operation.

i) Income taxes

Earnings of the Company and of its wholly-owned subsidiaries are not subject to income tax. The other companies, which are subject to income tax, follow the tax allocation method in providing for income taxes.

j) Translation of foreign currency

Monetary assets resulting from foreign currency transactions are translated into Canadian dollars using the year-ended exchange rates. Sales, purchases and capital expenditures are translated throughout the year at the exchange rates prevailing at the transaction dates.

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1. Significant accounting policies (cont'd)

j) Translation of foreign currency (cont'd)

Exchange gains or losses arising on translation of long-term debt are deferred and amortized using the straight-line method over its remaining life.

The translation adjustment shown in shareholder's equity includes mainly the exchange gains or losses arising on translation of investments in foreign subsidiaries.

k) Pension plans

Current service pension costs of defined benefit plans are included in the earnings for the year. The cost of past services and the actuarial surplus or deficit are amortized over the expected average remaining service life of the employee group which benefits from the plans.

2. Discontinued operations
(in thousands of dollars)

During the year, management decided to discontinue the operations of MIL Vickers Inc., a company which designed and manufactured industrial products. The net assets (liabilities) include the following items at realizable value.

	1989	1988
Net assets (liabilities) from discontinued operations		
Current assets, excluding fixed assets for sale	18 939	13 643
Fixed assets for sale	4 500	7 380
Current liabilities	(27 049)	(10 137)
	(3 610)	10 886
Earnings (loss) from discontinued operations		
MIL Vickers Inc.	(21 628)	(4 972)
Industries Tanguay Inc. and Bio-Méga Inc.		9 391
	(21 628)	4 419

Sales from discontinued operations amount to $17 774 000 in 1989 ($30 349 000 in 1988).

3. Long-term investments
(in thousands of dollars)

	1989	1988
Domtar Inc., market value of $312 195 000 ($351 219 000 in 1988)	352 898	360 988
Ligma Corporation	7 577	
Other		
Subordinated debentures, 6%, payable until 1997	20 000	22 500
Amounts carried forward	380 475	383 488

3. Long-term investments (cont'd)
(in thousands of dollars)

	1989	1988
Amounts brought forward	380 475	383 488
Subordinated notes, at a maximum rate of 8 1/2% until March 1993 and at prime rate thereafter, payable in 1998	20 000	20 000
Note, 8%, payable in 1990	2 500	2 500
Other investments	11 944	12 055
	414 919	418 043
Current portion	5 355	4 105
	409 564	413 938

The Company holds 27,69% (27,82% in 1988) of the voting shares of Domtar Inc. The carrying value of the investment includes unamortized goodwill of $34 175 000 ($35 397 000 in 1988).

On March 7, 1989, the Company subscribed for 45% of the voting shares of Ligma Corporation for a total price of $15 726 680 (US $13 196 845). The carrying value of the investment includes unamortized goodwill of $3 740 000 (US $3 228 000).

Goodwill represents the excess of the cost of the shares over the book value of net assets of companies subject to significant influence as of their dates of acquisition, and is amortized under the straight-line method over forty years.

4. Bank loan guarantees

The short-term bank loan of a subsidiary amounting to $37 389 000 ($828 000 in 1988) and the subsidiary's letters of guarantee are secured by a general assignment of inventories and accounts receivable as well as some of the subsidiary's term deposits and bonds issued under trust deeds carrying fixed and floating charges on all other assets of the subsidiary not specifically pledged.

5. Provision for foreseeable loss on contracts in progress

A subsidiary of the Company has recorded $257 506 000 as a provision and loss for the year representing the excess of the aggregate foreseeable loss from construction of vessels over their selling price. The provision has been determined using naval engineers' reports; construction of vessels should end in 1994. The provision for foreseeable loss has been presented long-term because it should not affect the Company's working capital before the end of 1991.

6. Long-term debt
(in thousands of dollars)

	1989	1988
Subsidiaries		
Bank loans, at prime rate plus 1/8 of 1% or LIBOR rate plus 1/2 of 1%, secured by the Province of Québec, payable in semi-annual instalments	146 635	168 827
Due to the federal government, without interest, payable in annual instalments of $1 000 000 as of 1991	10 000	3 333
Loan, at prime rate, secured by debentures issued under trust deeds which carry specific or floating charges on all assets of a subsidiary not specifically pledged, payable until 1997	7 200	8 105
Bond, as an investment vehicle for a subsidiary's pension fund, 7%, payable until 1994	5 381	
Due to a company subject to significant influence, without interest, no terms of payment	5 000	
Bonds, 11 1/8%, secured under a first trust deed which carries specific or floating charges on all assets of a subsidiary not specifically pledged, maturing in 1991	2 920	4 220
Other	3 445	3 139
	180 581	187 624
Current portion	21 087	20 452
	159 494	167 172

Long-term debt includes $126 650 000 ($141 550 000 in 1988) in US currency.

Under interest rate swap agreements, a subsidiary has fixed the rate on a portion of long-term debt amounting to US $70 000 000 at an average effective interest rate of 9,90% over a remaining average life of 1,3 years.

Capital payments due within each of the next five years are as follows:

	CAN $	US $
1990	3 836 000	14 900 000
1991	4 751 000	16 763 000
1992	4 030 000	18 625 000
1993	3 184 000	20 487 000
1994	2 580 000	22 350 000

7. Capital stock
(in thousands of dollars)

The Company's shares are owned by the Province of Québec.

	1989	1988
Authorized shares with a par value of $10 each		
41 500 000 Common shares		
Issued and paid		
34 750 000 Common shares	347 500	347 500

8. Cash provided by continuing operations
(in thousands of dollars)

	1989	1988
Earnings (loss) from continuing operations	(208 729)	140 656
Items not affecting cash		
Depreciation of fixed assets	21 735	21 830
Amortization of start-up costs	7 203	7 353
Amortization of deferred foreign exchange gain	(7 515)	(7 328)
Other amortization	900	900
Gain on disposal of fixed assets	(477)	(189)
Share in losses (earnings) of companies subject to significant influence	5 767	(24 833)
Dividends from a company subject to significant influence	12 008	12 008
Minority interest	822	(5 466)
Provision for foreseeable loss on contracts in progress	257 506	
	89 220	144 931

9. Commitments

a) Société générale d'aluminerie Inc.

On December 1, 1988, the owners of Aluminerie de Bécancour Inc. announced an investment of $550 000 000 for the construction of a third potline at the Bécancour plant. As at December 31, 1989, the balance of future commitments was $316 000 000. The Company's share of this commitment amounts to $78 842 000.

b) Pétromont, société en commandite

Pétromont, société en commandite, which is affiliated with Éthylec Inc., received financial assistance from the governments of Canada and Québec totalling $50 000 000 for the years 1983 and 1984 as compensation for losses incurred during these two years. This financial assistance included clauses providing for reimbursement, beginning with the year ending December 31, 1993 and depending on the profitability of the partnership, up to a maximum of $10 000 000 per year. Reimbursement in the amount of $10 000 000 was accounted for during the year ended December 31, 1988 and was reversed in 1989 following receipt of a postponement in the application of the reimbursement clauses. The share of this reimbursement in the financial statements of the Company amounts to $5 000 000.

Pursuant to an agreement ended December 31, 1989, Pétromont, société en commandite, received financial assistance from the Gouvernement du Québec in previous years to compensate for certain operating losses and provide financing for certain capital projects. This agreement includes clauses for reimbursement of this financial assistance. During the year ended December 31, 1989, Pétromont did not reimburse any amount ($2 977 000 in 1988) to the Gouvernement du Québec. The share of this reimbursement in the financial statements of the Company amounts to $1 488 000 in 1988. The reimbursement to the Gouvernement du Québec will not exceed $5 100 000 for the year ending December 31, 1990.

9. Commitments (cont'd)

c) 2645-6608 Québec Inc.

On September 1, 1989, the owners of the aluminerie Alouette project signed an agreement to construct an aluminum plant in Sept-Iles at an estimated cost of $1 200 000 000. The Company's share of this commitment amounts to $240 000 000.

d) Donohue St-Félicien Inc.

Under the terms of an agreement signed in June 1977, the Company has agreed to lend the required funds to Donohue St-Félicien Inc. for the payment of interest and capital on first mortgage bonds issued by the Company at a par value of US $100 000 000 and $35 000 000 if these funds were unavailable through other means. As at December 31, 1989, the balances of these bonds were US $50 000 000 and $17 500 000 and the debtor foresees having sufficient funds for the yearly payment of capital and interest in July 1990.

The province of Québec has secured the Company's commitment.

e) Leases

The significant operating leases under which the companies are committed for the next five years amount to $15 136 000.

10. Pension plans
(in thousands of dollars)

According to the last actuarial valuations, accrued pension benefits and accumulated assets of the various plans of subsidiaries of the Company are as follows:

	Actuarial value of accrued pension benefits	Market value of assets available for pension benefit payment
Éthylec Inc.		
(Company's share: 50%)	6 331	4 900
Le Groupe MIL Inc. and its subsidiaries	39 695	43 989
Société générale d'aluminerie Inc.		
(Company's share: 24,95%)	3 210	6 937

11. Contingent liabilities

During the year, a subsidiary of the Company filed a $20 000 000 claim against a company for breach of contract related to shipbuilding. This company filed a counterclaim for $109 000 000. In the opinion of management, the outcome of these claims cannot be determined; any resulting profit or loss will be accounted for in income.

12. Comparative figures

Certain figures from 1988 have been reclassified to confirm with the financial statement presentation adopted for 1989 and to recognize the application of new rules on discontinued operations and extraordinary items.

SOCIÉTÉ GÉNÉRALE DE FINANCEMENT DU QUÉBEC

AUDITORS' REPORT

To the Shareholder of
Société générale de financement du Québec

We have examined the consolidated balance sheet of Société générale de financement du Québec as at December 31, 1989 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of Société générale de financement du Québec as at December 31, 1989 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Samson Bélair
Chartered Accountants

Montréal, February 15, 1990

SOCIÉTÉ GÉNÉRALE DES INDUSTRIES CULTURELLES
R.S.Q., c. S-17.01

REVENUE AND EXPENDITURE AND DEFICIT
for the year ended March 31, 1990

	1990	1989
EXPENDITURE		
Assistance programs		
Film (Note 3)	$13 003 246	$9 871 870
External services (Note 4)	817 402	651 758
Loss on disposal of shares		167 920
Allowance for losses on loans and investments in shares of companies (Note 5)	1 426 318	1 553 573
Administrative expenses -- SOGIC (Note 6)	3 848 541	3 575 349
Real estate heritage fund (Note 7)		
Operating expenses	903 222	
Administrative expenses	208 005	
	20 206 734	15 820 470
REVENUE		
Interest on short-term investments and on loans	2 920 102	2 449 132
Return on investments under film assistance programs	597 350	489 900
Gain on sale of stock options		1 875 000
Gain on disposal of shares	49 748	
Visas and miscellaneous	301 971	140 041
Real estate heritage fund (Note 7)		
Rent	552 796	
Interest on short-term investments	9 391	
	4 431 358	4 954 073
EXPENDITURE IN EXCESS OF REVENUE	15 775 376	10 866 397
SUBSIDIES FROM THE GOUVERNEMENT DU QUÉBEC (Note 8)	15 382 017	11 292 091
EXPENDITURE IN EXCESS OF REVENUE AND SUBSIDIES	393 359	(425 694)
OPENING DEFICIT	2 804 530	3 230 224
CLOSING DEFICIT	$3 197 889	$2 804 530

SOCIÉTÉ GÉNÉRALE DES INDUSTRIES CULTURELLES

CHANGES IN FINANCIAL POSITION
for the year ended March 31, 1990

	1990	1989
OPERATING ACTIVITIES		
Funds generated by operating activities (Note 15)	$182 081	$4 548 131
INVESTMENT ACTIVITIES		
Investments made:		
Loans	(11 216 897)	(13 030 849)
Shares	(50 900)	(1 796 460)
Loans converted into shares	50 900	296 460
Shares converted into loans	60 000	
Acquisition of fixed assets	(208 341)	(119 612)
	(11 365 238)	(14 650 461)
Investment disposal:		
Collection of loans	10 720 511	11 716 451
Disposal of shares	109 748	1 417 500
Withdrawals from a limited partnership		23 076
Funds absorbed by investment activities	(534 979)	(1 493 434)
(DECREASE) INCREASE IN LIQUID ASSETS	(352 898)	3 054 697
LIQUID ASSETS AT THE BEGINNING	8 208 590	5 153 893
LIQUID ASSETS AT THE END	$7 855 692	$8 208 590

Liquid assets of the Société consist of cash and term deposits.

SOCIÉTÉ GÉNÉRALE DES INDUSTRIES CULTURELLES

BALANCE SHEET
as at March 31, 1990

	1990	1989
ASSETS		
Loans (Note 9)	$13 734 129	$14 774 961
Investments in shares of companies (Note 10)	474 925	484 025
	14 209 054	15 258 986
Cash	1 155 692	1 508 590
Term deposits -- at cost	6 700 000	6 700 000
Cash -- deposits in trust	101 833	446 058
Accounts receivable	200 711	68 044
Accrued subsidy from the Gouvernement du Québec (Note 11)	854 056	
Accrued interest on term deposits	52 241	42 326
Prepaid expenses	164 537	22 657
Fixed assets (Note 12)	352 750	189 063
Other assets		17 605
	$23 790 874	$24 253 329
LIABILITIES		
Deposits in trust	$101 833	$446 058
Accounts payable and accrued expenses	902 086	606 929
Amounts payable under film assistance programs (Note 13)	5 322 189	3 692 256
Deferred subsidies (Note 8)	239 966	1 889 927
	6 566 074	6 635 170
SHAREHOLDER'S EQUITY		
Capital stock (Note 14)	19 500 000	19 500 000
Contributed surplus	922 689	922 689
Deficit	(3 197 889)	(2 804 530)
	17 224 800	17 618 159
	$23 790 874	$24 253 329

REAL ESTATE HERITAGE FUND (Note 7)

COMMITMENTS AND GUARANTEES (Note 16)

On behalf of the Board of Directors,

Charles Denis
Pierre Goyette

NOTES TO FINANCIAL STATEMENTS
March 31, 1990

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1. Constitution and purpose

The Société générale des industries culturelles -- SOGIC is a company incorporated under a special Act (R.S.Q., c. S-17.01). Its purpose is to promote the creation and development of enterprises active in the areas of publishing, cinema, communication services, records, videodisks and videocassettes, performing arts, arts and crafts, real estate heritage, and to help improve the quality, indigenous nature and competitiveness of their products and to ensure their distribution.

The Société also exercises the duties and powers in the field of cinema that were entrusted to it under the Cinema Act (R.S.Q., c. C-18.1). Furthermore, under an order in council, it performs the duties and powers of the Minister of External Trade and Technological Development in promoting the export of cultural goods and services.

The Société may also, with the Government's approval, acquire, restore, renovate, manage or operate real properties.

2. Accounting policies

The financial statements of the Société have been prepared by management on the accrual basis in accordance with the accounting policies as disclosed below. These statements include amounts based on best estimates and judgment.

The financial statements combine the accounts of the Société and those of the real estate heritage fund.

Investments in the capital stock of companies

Financial assistance granted by the Société in the form of stock acquisition is shown on the balance sheet under "Investments in shares of companies". Insofar as the Société considers it is unable to recover such assistance, the expected loss is entered under the allowance for loss and charged as an expenditure, as is assistance granted in the form of loans.

Allowance for loss on loans and investments in shares of companies

The allowance for loss on loans is determined by assessing the expected loss for each loan showing major difficulties in collection, and by applying an estimated rate for all other loans based on default length, so as to cover any eventual losses.

For investments in shares of companies, the allowance is established by assessing each investment on an individual basis.

Fixed assets

Fixed assets of the real estate heritage fund are recorded at cost and they are not depreciated. The other fixed assets are shown at the cost of acquisition and are depreciated by the following methods at the following rates:

	Méthod	Rate
Office furniture	Straight-line	10%
Equipment	Straight-line	20%
Data processing equipment	Diminishing balance	33 1/3%
Automotive equipment	Diminishing balance	30%
Leasehold improvements	Straight-line	Length of lease

2. Accounting policies (cont'd)

Deferred subsidies

Specific subsidies received for film assistance programs and for any other project are deferred and transferred to operations in parallel with attendant expenditures.

Pension plan

The employer contribution to the Government and Public Employees Retirement Plan (RREGOP) is assumed by the Gouvernement du Québec and is not shown on the statement of revenue and expenditure and deficit. However, the Société contributes to a collective registered pension plan for certain employees who are not RREGOP participants.

Film assistance programs

Financial assistance in the form of subsidies and investments is recorded under expenditures at the date of its formal approval by the applicant, with the exception of bonuses for quality or performance and automatic assistance to production companies, which are recorded at the date on which they are awarded.

Where the terms and conditions of assistance are not met, any adjustment to attendant expenditures is recorded as project cancellation for the year during which facts are established and made known.

Revenue

Earnings on investments under assistance programs as well as revenue from certifications are entered when cashed. Other revenues are accounted for on the accrual basis.

3. Film assistance programs

	1990	1989
Production	$7 246 208	$6 425 640
Distribution	1 953 985	1 415 931
Development	1 330 226	1 115 551
Promotion and special projects	1 379 285	1 165 739
Bonuses for quality, for performance and automatic assistance to production companies	359 108	484 848
Television work continuity	532 103	
Cinema work continuity	727 931	
	13 528 846 *	10 607 709 *
Cancellation of projects and recovery under assistance programs of previous years	(525 600)	(735 839)
	$13 003 246	$9 871 870

* Assistance granted by the Société during the year consisted of:

	1990	1989
Grants	$4 246 445	$2 413 188
Investments	9 282 401	8 194 521
	$13 528 846	$10 607 709

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990

4. Assistance program for external services

	1990	1989
Canvassing	$20 730	$16 351
Exhibitions	80 744	109 453
Promotion	10 000	
Travelling expenses of foreign buyers	170 742	135 429
Reception for foreign film producers	174 860	78 095
Exhibitions: group stands	335 326	312 430
Portfolio	25 000	
	$817 402	$651 758

5. Allowance for loss on loans and investments in shares of companies

	1990	1989
Opening balance	$6 090 447	$4 779 854
Investments written off during the year	319 598	242 980
	5 770 849	4 536 874
Allowance for the year	1 426 318	1 553 573
Closing balance	$7 197 167	$6 090 447

The allowance for loss breaks down as follows:

	1990	1989
Loans	$3 908 707	$2 801 987
Investments in shares of companies	3 288 460	3 288 460
	$7 197 167	$6 090 447

6. Administrative expenses -- SOGIC

	1990	1989
Salaries and wages	$2 549 764	$2 307 247
Professional fees	239 084	196 587
Travelling, entertainment and conventions	154 636	135 155
Rent	284 681	222 903
Taxes and insurance	60 192	43 402
Maintenance and repairs	35 938	21 182
Stationery and office expenses	124 048	127 172
Advertising and promotion	137 862	78 466
Publications	122 832	32 104
Communications	68 839	82 217
Moving and lease cancellation expenses		219 653
Depreciation on fixed assets	43 540	78 450
Amortization of preliminary expenses	17 605	17 604
Other expenses	9 520	13 207
	$3 848 541	$3 575 349

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990

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7. Real estate heritage fund

On March 15, 1989, the Société was authorized by order in council to acquire from the Ministère des Transports, at the nominal value of $1, 47 properties related to the real estate heritage. During the next year, it is anticipated that these properties will be recorded at their fair value, the counterpart being entered as contributed surplus from the Gouvernement du Québec.

On September 27, 1989, the Société was authorized by order in council to restore and renovate, for an amount of $9 million, the properties constituting the real estate heritage, while staying within the limits set by the three-year capital plan of the Ministère des Affaires culturelles. To that end, the Société has been authorized to secure, until September 30, 1994, short-term loans from financial institutions.

The operations of that fund are combined with those of the Société for financial statement purposes.

REAL ESTATE HERITAGE FUND

REVENUE AND EXPENDITURE AND DEFICIT
for the year ended March 31, 1990

Expenditure	
Operating expenses	
Professional fees	$5 881
Taxes	189 484
Insurance	30 310
Power and heating	192 617
Maintenance and repairs	355 424
Guarding	63 582
Snow removal	58 642
Advertising and promotion	7 282
	903 222
Administrative expenses	
Salaries and wages	151 723
Professional fees	2 125
Travelling, entertainment and conventions	24 084
Taxes and insurance	219
Maintenance and repairs	1 946
Stationery and office expenses	12 948
Comunications	7 231
Depreciation on fixed assets	1 114
Other expenses	6 615
	208 005
	1 111 227
Revenue	
Interest on short-term investments	9 391
Rentals	552 796
	562 187
Expenditure in excess of revenue	549 040
Subsidy from the Gouvernement du Québec (Note 8)	500 000
Expenditure in excess of revenue and subsidy, and deficit at March 31, 1990	$49 040

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7. **Real estate heritage fund** (cont'd)

REAL ESTATE HERITAGE FUND

BALANCE SHEET
as at March 31, 1990

Assets	
Cash	$133 356
Accounts receivable	94 499
Prepaid expenses	88 785
Fixed assets *	173 143
	$489 733
Liabilities	
Accounts payable and accrued expenses	$120 798
Owed to SOGIC	418 025
	538 823
Deficit	49 040
	$489 783

* Broken down as follows:

	Cost	Accumulated depreciation	Net
Real properties	$145 101		$145 101
Office furniture	17 210	$423	16 787
Equipment	2 055	205	1 850
Data processing equipment	491		491
Leasehold improvements	9 400	486	8 914
	$174 257	$1 114	$173 143

8. **Subsidies from the Gouvernement du Québec**

	1990	1989
Film assistance programs	$9 223 100	$10 750 000
Operations and assistance programs -- external services	3 154 900	2 264 000
Real estate heritage fund: operations	500 000	
	12 878 000	13 014 000
Transfer of deferred subsidies:		
-- special study		24 531
-- film assistance programs	1 889 927	143 487
	14 767 927	13 182 018
Film assistance programs:		
-- accrued subsidy	854 056	
-- deferred subsidies	(239 966)	(1 889 927)
	$15 382 017	$11 292 091

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990

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9. Loans

	1990			1989
	Loans	Interest accrued and owed	Total	Total
Balance at March 31	$17 189 212	$453 624	$17 642 836	$17 576 948
Allowance for loss (Note 5)	3 728 677	180 030	3 908 707	2 801 987
	$13 460 535	$273 594	$13 734 129	$14 774 961

10. Investments in shares of companies

	1990	1989
Common shares, at cost	$3 763 385	$3 712 485
Preferred shares, at cost		60 000
	3 763 385	3 772 485
Allowance for loss (Note 5)	3 288 460	3 288 460
	$474 925	$484 025

11. Accrued subsidy from the Gouvernement du Québec

Under an agreement with the Minister of Cultural Affairs, the Société may, during a year, make commitments for the film assistance programs of the coming year up to an amount of $2,5 million. At March 31, 1990, expenditures for that purpose amounted to $854 056, the counterpart being entered as an accrued subsidy from the Gouvernement du Québec.

12. Fixed assets

	1990			1989
	Cost	Accumulated depreciation	Net	Net
Real properties	$145 101		$145 101	
Office furniture	154 503	$71 020	83 483	$67 941
Equipment	37 373	19 534	17 839	12 623
Data processing equipment	103 105	56 940	46 165	50 343
Automotive equipment	17 999	9 400	8 599	12 284
Leasehold improvements	138 602	97 375	41 227	35 536
Works of art	10 336		10 336	10 336
	$607 019	$254 269	$352 750	$189 063

13. Amounts payable under film assistance programs

A total of $796 077 ($648 033 in 1989), included in the $5 322 189 ($3 692 256 in 1989) payable under assistance programs, was allocated during the last three years to new projects as a bonus for quality or performance and as automatic assistance to production firms.

It may happen that the Société does not approve new projects submitted within the three-year deadline. In this case, this amount could be adjusted in the following years.

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990

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14. Capital stock

	1990	1989
Authorized: 200 000 shares with a par value of $100 each		
Issued and paid up: 195 000 shares	$19 500 000	$19 500 000

Société shares are part of the public domain and are assigned to the Minister of Finance. Under the Société's Act of incorporation, the Minister of Finance is authorized to pay the balance of unissued stock to the Société out of the Consolidated Revenue Fund, in accordance with conditions set by the Government.

15. Funds generated by operations

	1990	1989
Excess of expenditure over revenue and subsidies:	($393 359)	$425 694
Items not affecting liquid assets:		
Allowance for loss on loans and investments in shares of companies	1 426 318	1 553 573
Gain (Loss) on disposal of shares	(49 748)	167 920
Depreciation on fixed assets	44 654	78 450
Amortization of preliminary expenses	17 605	17 604
	1 045 470	2 243 241
Changes in assets and liabilities involved in operations	(863 389)	2 304 890
	$182 081	$4 548 131

16. Commitments and guarantees

Commitments

-- The unpaid balance on commitments for loans and investments at March 31, 1990 totals $6,0 million ($7,0 million in 1989).

-- The Société is committed under a lease maturing August 31, 1998 for administration offices. The rent for these administrative premises for the year ended March 31, 1990 amounts to $284 681. The future minimum payments are as follows:

1991	$248 144
1992	281 125
1993	287 931
1994	304 265
1995	346 775
1996 and thereafter	1 184 815
	$2 653 055

Guarantees

At March 31, 1990, the Société's obligations regarding bank guarantees extended to borrowers totalled $1,1 million ($1,8 million in 1989).

17. Comparative figures

Certain figures for 1989 have been reclassified for consistency with the presentation adopted in 1990.

AUDITOR'S REPORT

I have examined the balance sheet of the Société générale des industries culturelles as at March 31, 1990 as well as the statement of revenue and expenditure and deficit and the statement of changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Société as at March 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies disclosed in Note 2 applied on a basis consistent with that of the preceding year.

The Auditor General of Québec,
Rhéal Chatelain, F.C.A.

Québec, June 15, 1990

SOCIÉTÉ IMMOBILIÈRE DU QUÉBEC
R.S.Q., c. S-17.1

EARNINGS
for the year ended March 31, 1990
(in thousands of dollars)

	1990	1989
REVENUE		
Rentals (Note 12)	412 553	377 697
Construction services	16 895	3 060
Share of net earnings of Place Desjardins Inc.	2 598	1 781
Gain on disposal of fixed assets	4 460	2 997
Other	1 496	1 554
	438 002	387 089
EXPENSES		
Operating expenses on properties		
Under leases	149 437	141 297
In ownership	92 191	85 959
Cost of construction services	16 629	2 971
Finance charges -- net (Note 13)	61 029	48 090
Real estate and business taxes on properties	45 822	46 863
General and administrative charges	28 566	30 718
Depreciation	23 232	19 400
	416 906	375 298
NET EARNINGS	21 096	11 791

RETAINED EARNINGS
for the year ended March 31, 1990
(in thousands of dollars)

	1990	1989
BALANCE AT BEGINNING	10 707	8 916
Net earnings	21 096	11 791
	31 803	20 707
Rebate to the Gouvernement du Québec (Note 14)	15 000	10 000
BALANCE AT END	16 803	10 707

CASH FLOW
for the year ended March 31, 1990
(in thousands of dollars)

	1990	1989
OPERATING ACTIVITIES		
Net earnings	21 096	11 791
Charges not requiring cash outlay		
Depreciation of fixed assets	22 563	18 345
Amortization of deferred charges	967	1 254
Share of net earnings of Place Desjardins Inc.	(2 598)	(1 781)
Gain on disposal of fixed assets	(4 460)	(2 997)
Funds generated by operations	37 568	26 612
Net change in other assets and liabilities *	(4 109)	(1 533)
Rebate to the Gouvernement du Québec	(15 000)	(10 000)
Funds generated through operating activities	18 459	15 079
FINANCING ACTIVITIES		
Long-term loans	201 196	3 262
Redemption of investment in a direct financing lease	90	79
Bank loans (repayment)	(82 418)	88 154
Payments on long-term debt	(7 457)	(5 116)
Repayment to the Gouvernement du Québec	(62 985)	(75 000)
Funds generated through financing activities	48 426	11 379
INVESTMENT ACTIVITIES		
Acquisitions of properties	(66 151)	(65 290)
Acquisitions of equipment	(815)	(1 593)
Acquisitions of dams	(271)	
Proceeds from disposal of fixed assets	6 514	45 385
Funds absorbed by investment activities	(60 723)	(21 498)
INCREASE OF FUNDS	6 162	4 960
FUNDS AT BEGINNING	(11 635)	(16 595)
FUNDS AT END	(5 473)	(11 635)

* Includes changes in accounts receivable, other assets and accounts payable and accrued liabilities.

BALANCE SHEET
as at March 31, 1990
(in thousands of dollars)

	1990	1989
ASSETS		
Properties (Note 3)	895 198	852 310
Dams (Note 4)	271	
Equipment	2 421	2 960
Investment (Note 5)	13 499	10 901
Investment in a direct financing lease (Note 6)	1 984	2 074
Accounts receivable (Note 7)	33 731	24 031
Other assets (Note 8)	8 554	5 539
	955 658	897 815
LIABILITIES		
Long-term debt (Note 9)	669 386	475 647
Due to the Gouvernement du Québec		62 985
Bank loans	99 379	181 797
Accounts payable and accrued liabilities	76 950	67 377
Excess of outstanding cheques over cash	5 473	11 635
	851 188	799 441
SHAREHOLDER'S EQUITY		
Capital stock (Note 10)	80 001	80 001
Contribution by the Gouvernement du Québec (Note 11)	7 666	7 666
Retained earnings	16 803	10 707
	104 470	98 374
	955 658	897 815

COMMITMENTS (Note 16)
CONTINGENCIES (Note 17)

On behalf of the Board of Directors,

Miville Vachon, President and Chief Executive Officer
Monique Harvey, Director

NOTES TO FINANCIAL STATEMENTS
March 31, 1990
(in thousands of dollars)

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1. Constitution and corporate mission

The corporation is a limited liability company established by the Act respecting La Société immobilière du Québec (R.S.Q., c. S-17.1). It is responsible for renting properties to Government departments and agencies, and providing them with construction, operating and real estate management services.

2. Accounting policies

The corporation's financial statements have been prepared by management in accordance with generally accepted accounting principles. These statements include amounts based on the best judgments and estimates.

The corporation's accounting policies and norms for presenting financial information comply with the recommendations of the Canadian Institute of Chartered Accountants and the Canadian Institute of Public Real Estate Companies.

Properties

-- In operation and for corporate use

Properties in operation and for corporate use acquired by transfer from the public domain are accounted for at the value determined by the Gouvernement du Québec.

Other acquisitions are accounted for at cost.

-- Under construction

The cost of properties under construction includes, in addition to direct costs, operating expenses, property taxes, interest and the applicable portion of general and administrative costs related thereto, less rental income. Properties under construction are not deemed to be in operation until the project is fully completed and the premises have reached a satisfactory level of occupancy, subject to a reasonable delay.

-- Intended for sale

Properties intended for sale are valued at the lesser of depreciated cost and net realizable value. Depreciation is not recorded with respect to these properties once the corporation decides to sell them.

-- Land held for and under development

Land held for and under development is valued at the lesser of cost and net realizable value. Cost includes acquisition cost, operating expenses, property taxes, interest and the applicable portion of general and administrative expenses related thereto, less rental income.

Dams

Dams, including related real estate and movables, acquired by transfer from the public domain are accounted for at the value determined by the Gouvernement du Québec.

Other acquisitions are accounted for at cost.

The cost of dams under construction includes, in addition to direct costs, property taxes, interest and the applicable portion of general administrative costs related thereto.

Equipment

Equipment acquired by transfer from the public domain is accounted for at the value determined by the Gouvernement du Québec.

Other acquisitions are accounted for at cost.

2. Accounting policies (cont'd)

Depreciation of fixed assets

The depreciation of properties in operation and for corporate use is calculated according to the sinking fund method, at 5 percent per annum in order to amortize the cost of these properties over an estimated useful life of between 15 and 50 years.

Equipment is depreciated according to the straight-line method of depreciation over an estimated service life of 5 years.

Major tenant improvements made on behalf of clients are depreciated over a period varying from 5 to 15 years. Depreciation of these improvements is calculated according to the sinking fund method at a rate corresponding to that charged to the client.

Capitalized interest

The portion of interest attributable to properties and dams under construction and land held for and under development is capitalized by using the weighted average rate of interest-bearing debts.

Investment

The corporation accounts for its investment in Place Desjardins Inc. according to the equity method. Under this method, the investment is recorded at cost and is increased or reduced by the corporation's share of the company's net earnings or net loss, from the date of acquisition. The investment is reduced by the amortization of the excess of the price paid over the book value of shares acquired and dividends paid by that company.

The excess of the price paid over the book value of shares acquired is amortized according to the same method as corporate properties in operation, except for the estimated useful life of 60 years.

Deferred charges

The development costs of computer-based systems are amortized according to the straight-line method over a period of 5 years.

The discount and issuance expenses of long-term debt are amortized over the term of the debt according to the straight-line method.

The other deferred charges are amortized according to the straight-line method over a period of 10 years.

Deferred charges are recorded under the item "Other assets".

Work in progress

Construction and minor tenant improvement projects which have not been completed and which must be billed when a progress report is presented or upon completion of the work are shown as work in progress under the item "Other assets". Such work is recorded at cost, less amounts billed.

Leases

-- Capital leases

> When, under the terms of a lease, virtually all the advantages and risks inherent in ownership of the leased property favour or are assumed by the corporation, the cost of the leased property and the actual value of the liability arising therefrom are accounted for as though the acquisition of an asset and a loan were involved. Property covered by a capital lease is depreciated according to the same method as other fixed assets.

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990
(in thousands of dollars)

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2. Accounting policies (cont'd)

-- Operating leases

Rent derived from operating leases is charged off to earnings.

-- Direct financing leases

When, under the terms of a lease, virtually all the advantages and risks inherent in ownership are transferred to the corporation's clients, the actual value of minimum payments to be received is accounted for as though the disposal of an asset and an investment were involved.

Financing revenue derived from these contracts is credited to earnings according to a formula which makes it possible to obtain a uniform rate of return over the term of the lease.

3. Properties

	Land	Buildings	Properties under capital leases	Major tenant improvements	Total 1990	Total 1989
In operation	93 489	676 840	41 697	90 031	902 057	868 763
For corporate use	2 942	6 447	554		9 943	9 992
	96 431	683 287	42 251	90 031	912 000	878 755
Under construction	143	34 872		6 090	41 105	22 339
Intended for sale	1 111	11 378			12 489	1 075
Land held for and under development	195				195	378
	97 880	729 537	42 251	96 121	965 789	902 547
Accumulated depreciation		42 207	1 428	26 956	70 591	50 237
	97 880	687 330	40 823	69 165 *	895 198	852 310

During the year, the following costs were capitalized:

	1990	1989
Finance charges	2 859	3 829
Operating expenses, property taxes less rental income	222	91
General and administrative expenses	1 701	1 889
	4 782	5 809

* Including $14 611 000 (1989: $16 490 000) for major tenant improvements related to properties rented by the corporation.

4. Dams

On March 21, 1990 the Gouvernement du Québec transferred dams, including related real estate and movables, to the SIQ for the sum of $1. The SIQ will make them available for use by the Ministère de l'Environnement, responsible for their operation.

5. Investment

	1990	1989
49% of the common shares of Place Desjardins Inc. carried on the equity method (book value 1990: $6 613 688; 1989: $3 981 000) as indicated in the audited financial statements as at December 31, 1989 and unaudited financial statements as at March 31, 1990.	13 499	10 901

6. Investment in a direct financing lease

Total minimum payments receivable from the rental of a building:

Year	
1991	345
1992	345
1993	345
1994	345
1995	345
Subsequently	1 815
Total minimum payments receivable	3 540
Less: Unearned financing revenue	1 556
Investment in a direct financing lease	1 984

7. Accounts receivable

	1990	1989
Government departments and agencies	21 023	14 606
Other	12 708	9 425
	33 731	24 031

8. Other assets

	1990	1989
Deferred charges -- at amortized cost		
Discount and issuance expenses of long-term debt	3 657	1 081
Development of computer-based systems	1 277	620
Tenant improvements completed before the corporation started its operations		489
Other	632	
	5 566	2 190
Prepaid expenses	1 132	1 371
Work in progress	1 856	1 978
	8 554	5 539

9. Long-term debt

	1990	1989
Debentures (a)		
Series A, bearing interest at an effective rate of 10,30 %, maturing in 1995	40 800	40 800
Series B, bearing interest at an effective rate of 8,68 % until 1990 and 9,36% subsequently, maturing in 2006 with an option to redeem in 1990 (b)	50 000	50 000
Series C, bearing interest at an effective rate of 9,36%, maturing in 1991, with a privilege to exchange for series 2C debentures bearing interest at an effective rate of 9,73%, maturing in 2006 (c)	72 000	72 000
Series D, bearing interest at an effective rate of 10,91 %, maturing in 2000 with an option to redeem (d)	50 000	50 000
Series E, bearing interest at an effective rate of 10,36 %, maturing in 2013 with an option to redeem (e)	66 000	71 580
Series F, bearing interest at an effective rate of 10,78%, maturing in 2014	150 000	
Notes for which the capital and interest payments made in YEN are covered by foreign exchange contracts at predetermined fixed rates (a)		
Interest at an effective rate of 12,31%, maturing in 1995, repayable in annual payments of $8 160 000 beginning in 1991	40 800	40 800
Interest at an effective rate of 9,72%, maturing in 1997	50 000	50 000
Interest at an effective rate of 10,04%, maturing in 1994	40 000	40 000
Interest at an effective rate of 11,56%, maturing in 1992	30 000	30 000
Note bearing interest at an effective rate of 11,5%, maturing in 1994 for which the portion of capital and interest payments made in DEUTSCHE MARK is covered by a foreign exchange contract at a predetermined fixed rate (a)	40 000	
Liabilities arising from capital leases (f)	37 564	27 653
Loans at varying rates and terms (g)	2 222	2 814
	669 386	475 647

(a) Capital and interest payments are guaranteed by the Gouvernement du Québec.

(b) A reimbursement of series B debentures totalling $39 755 000 will be paid on June 12, 1990 to holders having exercised their option to redeem prior to March 12, 1990.

(c) As at March 31, 1990, no holder of the series C debentures has exercised his exchange privilege.

(d) From January 1 to January 31 of each of the years 1991 to 1997, holders may exercise this option and demand the redemption, by the corporation, of their debentures at par value on February 17 of the second year following the year in which the option is exercised; in such cases, debentures will bear interest, notwithstanding the semi-annual interest coupon rate of 10,625%, at the rate of 8,625% per annum beginning on the February 17 following the date on which the option was exercised.

(e) On March 28 of each of the years 1990 to 2012 inclusive, holders may exercise this option and demand the redemption, by the corporation, of debentures at par value. The corporation could redeem debentures worth up to $4,5 million each year over the next 10 fiscal years.

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990
(in thousands of dollars)

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9. Long-term debt (cont'd)

(f) Minimum instalments payable on capital leases are:

Year	
1991	7 041
1992	7 041
1993	7 041
1994	7 041
1995	7 041
Subsequently	103 265
Total minimum payments payable	138 470
Less: Theoretical interest at the rate of 13,56%	67 608
Incidental expenses	33 298
	100 906
Liabilities arising from capital leases	37 564

(g) The total amount of capital payments to be made during the next five years is as follows:

Year	
1991	712
1992	260
1993	160
1994	181
1995	198

10. Capital stock

The shares of La Société immobilière du Québec are held by the Minister of Finance.

	1990	1989
Authorized:		
100 000 shares with a per value of $1 000 each		
Issued and paid up:		
80 001 shares	80 001	80 001

11. Contribution by the Gouvernement du Québec

The contribution by the Gouvernement du Québec was acquired by the substitution of La Société immobilière du Québec for La Société de développement immobilier du Québec on October 1, 1984.

12. Rental revenue

Rental revenue for the year ended March 31, 1990 was billed to government departments and agencies on the basis of foreseeable costs approved by the Gouvernement du Québec. These costs were allocated to government departments and agencies according to the pricing regulations for services rendered by the corporation. Occupancy agreements were then signed by the corporation and the government departments and agencies in question. Rental revenue is detailed as follows:

	1990	1989
Government departments and agencies	398 237	364 717
Other	14 316	12 980
	412 553	377 697

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990
(in thousands of dollars)

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13. Finance charges -- net

	1990	1989
Interest expenses		
Long-term debt		
Debentures and notes	61 134	44 820
Liabilities arising from capital leases	4 247	3 382
Loans at varying rates and terms	247	324
Amortization of the discount and issuance expenses of long-term debt	298	199
Banks loans	7 956	9 024
	73 882	57 749
Interest income		
Major tenant improvements billed to clients	7 323	5 628
Short-term deposits	1 671	309
Investment in a direct financing lease	255	266
Other	745	(373)
	9 994	5 830
	63 888	51 919
Less: Interest capitalized to properties and dams	2 859	3 829
	61 029	48 090

14. Rebate to the Gouvernement du Québec

In March 1990, the corporation granted government departments and agencies, whose budget is voted by Parliament, rent reductions totalling $15 000 000 (1989: $10 000 000) in the form of a rebate paid to the Minister of Finance.

15. Retirement plans

Employees of La Société immobilière du Québec participate in the Government and Public Employees Retirement Plan (RREGOP) and the Civil Service Superannuation Plan (CSSP), administered by a Gouvernement du Québec agency. The plans provide set benefits and contain guarantees respecting retirement and death. The corporation's obligations to these government retirement plans are limited to its contributions as an employer for current services. The corporation's contributions charged to earnings during the fiscal year total $1 838 000 (1989: $1 827 000).

16. Commitments

Operating leases

Minimum payments required under operating leases:

Year	
1991	107 024
1992	80 248
1993	71 368
1994	65 051
1995	56 155
Subsequently	420 951
Total minimum payments	800 797

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16. **Commitments** (cont'd)

Construction and major tenant improvement projects

As at March 31, 1990, external work and fees related to construction and major tenant improvement projects were part of contractual agreements totalling $25 million.

Sick leave

The corporation's conditional liabilities concerning sick leave accumulated by its employees totalled $7,3 million as at March 31, 1990. Such sick leave will be charged to operations as the employees use it, or as it is paid.

17. **Contingencies**

A number of claims and legal proceedings against the corporation, in the amount of $3 million, are outstanding at the time of preparation of the financial statements. Based on the information available, management feels that it is very unlikely that the corporation's liability for these claims and legal proceedings is sufficiently important to affect its financial position. If need be, whatever payment by the corporation will be charged off to earnings or capitalized to properties according to the type of claim.

18. **Comparative figures**

Certain 1989 figures have been reclassified to conform to the 1990 presentation.
Rebate to the Gouvernement du Québec shown before net earnings in the statement of earnings is now shown in the statement of retained earnings.

AUDITOR'S REPORT

I have examined the balance sheet of La Société immobilière du Québec as at March 31, 1990 and the statement of earnings, the statement of retained earnings and the statement of cash flow for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of La Société immobilière du Québec as at March 31, 1990 and the results of its operations and the changes in its financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Rhéal Chatelain, F.C.A.,
The Auditor General of Québec

Québec, May 29, 1990

SOCIÉTÉ NATIONALE DE L'AMIANTE
R.S.Q., c. S-18.2

OPERATING STATEMENT
for the year ended March 31, 1990
(in thousands of dollars)

	1990	1989
General administrative expenses	1 266	1 798
Financial expenses	20 793	19 028
Interest revenue	(683)	(543)
Allowance for loss on selling price balance	1 200	
	22 576	20 283
Share in losses of subsidiaries before extraordinary item	4 251	14 090
	26 827	34 373
Subsidy for operations	23 545	27 656
LOSS BEFORE EXTRAORDINARY ITEM	3 282	6 717
Extraordinary item		(77)
NET LOSS	3 282	6 640

DEFICIT
for the year ended March 31, 1990
(in thousands of dollars)

	1990	1989
OPENING BALANCE		
Previously stated	277 448	302 478
Adjustment to previous years (Note 3)	(777)	(777)
Adjusted	276 671	301 701
TRANSFER FROM CONTRIBUTED SURPLUS	(38 846)	(31 670)
	237 825	270 031
NET LOSS	3 282	6 640
CLOSING BALANCE	241 107	276 671

CONTRIBUTED SURPLUS
for the year ended March 31, 1990
(in thousands of dollars)

	1990	1989
OPENING BALANCE		5 685
Subsidy	38 846	25 985
	38 846	31 670
Transfer to deficit	38 846	31 670
CLOSING BALANCE		

SOCIÉTÉ NATIONALE DE L'AMIANTE

CHANGES IN FINANCIAL POSITION
for the year ended March 31, 1990
(in thousands of dollars)

	1990	1989
OPERATING ACTIVITIES		
Loss before extraordinary item	(3 282)	(6 717)
Items not affecting liquid assets:		
Share in losses of subsidiaries before extraordinary item	4 251	14 090
Depreciation	34	93
Fixed assets and other assets written off	91	
Allowance for loss on selling price balance	1 200	
	2 294	7 466
Net change in working capital items not constituting liquid assets	(3 245)	772
Funds generated (absorbed) by operating activities	(951)	8 238
INVESTMENT ACTIVITIES		
Acquisition of investment	(533)	(74)
Investment in subsidiaries	(14 270)	(15 236)
Recovery of advances to subsidiaries	289	208
Proceeds of investments	65	98
Dividends from subsidiaries		33
Sale of fixed assets	400	
Funds absorbed by investment activities	(14 049)	(14 971)
FINANCING ACTIVITIES		
Repayment on long-term debt	(25 307)	(20 534)
Government subsidy recorded as contributed surplus	38 846	25 985
Funds generated by financing activities	13 539	5 451
DECREASE IN LIQUID ASSETS	(1 461)	(1 282)
CASH AND TERM DEPOSITS AT THE BEGINNING	4 194	5 476
CASH AND TERM DEPOSITS AT THE END	2 733	4 194

SOCIÉTÉ NATIONALE DE L'AMIANTE

BALANCE SHEET
as at March 31, 1990
(in thousands of dollars)

	1990	1989
ASSETS		
CURRENT ASSETS		
Cash and term deposits	2 733	4 194
Accounts receivable	3 152	149
	5 885	4 343
INVESTMENTS (Note 4)	64 469	55 471
FIXED ASSETS		461
OTHER ASSETS		64
	70 354	60 339
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	3 342	3 584
Portion of long-term debt maturing within one year	25 000	25 307
	28 342	28 891
LONG-TERM DEBT (Note 5)	124 750	149 750
	153 092	178 641
NEGATIVE SHAREHOLDER'S EQUITY		
Capital stock (Note 6)	158 369	158 369
Deficit	(241 107)	(276 671)
	(82 738)	(118 302)
	70 354	60 339

CONTINGENT LIABILITIES (Note 7)

On behalf of the Board of Directors,

André Saumier
Benoit Cartier

ADDITIONAL INFORMATION
for the year ended March 31, 1990
(in thousands of dollars)

INFORMATION CONCERNING THE OPERATING STATEMENT

	Administrative expenses	Interest charges	Depreciation	Other expenses (revenue)	Net profit (Net loss)
Mines-SNA and its subsidiary, Société Asbestos ltée	1 090	519	1 601	(3 842)	632
Les Mines d'Amiante Bell, ltée	115	36	2 329	(1 666)	(814)
93410 B.C. Ltd.	1			(5)	4
Atlas Turner inc. and its subsidiaries	270	32	36	1 992	(2 330)
Lupel-SNA inc.				(9)	9
Descon-SNA inc.				(11)	11
Magnaq inc.	42	424		(16)	(450)
Fusoroc inc.		51		(5)	(46)
Ceram-SNA inc.		98	194	975	(1 267)
	1 518	1 160	4 160	(2 587)	(4 251)

ADDITIONAL INFORMATION (cont'd)
as at March 31, 1990
(in thousands of dollars)

INFORMATION CONCERNING THE BALANCE SHEET

	ASSETS				
	Current assets	Investments and advances	Fixed assets	Other assets	Total
Mines-SNA and its subsidiary, Société Asbestos ltée	2 184	10 462	21 593	17	34 256
Les Mines d'Amiante Bell, ltée	658	8 030	18 382		27 070
Atlas Turner inc. and its subsidiaries	1 925	2 548	146		4 619
151222 Canada inc.	70				70
Ceram-SNA inc.	1 530		993	1 244	3 767
	6 367	21 040	41 114	1 261	69 782

* These items constitute the investment in the subsidiaries at its equity value.

LIABILITIES AND SHAREHOLDER'S EQUITY				
Current liabilities	Loans and advances by SNA *	Capital stock *	Deficit *	Total
6 221	51 600	21 490	(45 055)	34 256
697	45 400	15 000	(34 027)	27 070
1 369	23 992	32 712	(53 454)	4 619
45		25		70
799		17 166	(14 198)	3 767
9 131	120 992	86 393	(146 734)	69 782

NOTES TO FINANCIAL STATEMENTS
March 31, 1990

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1. Legal status and purpose

The Société nationale de l'amiante (SNA) is a government enterprise whose shares are held in full by the Gouvernement du Québec; it was incorporated by the Act respecting the Société nationale de l'amiante (R.S.Q., c. S-18.2). The Société holds investments in mining and research firms working in the asbestos sector.

2. Main accounting policies

Investments in subsidiaries

For some years, the Société has been going through a reorganization. It has transferred the administration and operation of its mining enterprises to a limited partnership which it does not control. It also completed its withdrawal from the manufacturing sector.

Under the circumstances, it is no longer considered appropriate to consolidate the operations of the subsidiaries with those of the parent company, since consolidation does not constitute any more the best means of informing the Société's shareholders. Investments in subsidiaries are therefore shown at equity value.

The investments in subsidiaries are as follows:

	Share held: %	
	1990	1989
Mines-SNA inc.	100,0	100,0
Société Asbestos limited, a subsidiary of Mines-SNA inc.	54,6	54,6
Les Mines d'Amiante Bell, ltée	100,0	100,0
Atlas Turner inc. and its subsidiaries	100,0	100,0
151222 Canada inc. (Distex-SNA inc.) and its subsidiaries	100,0	100,0
Ceram-SNA inc.	99,9	99,6

Government subsidies

Financial assistance is awarded by the Gouvernement du Québec to enable the SNA to meet its financial obligations and those of its subsidiaries.

The portion of this assistance used for repayment on the principal of the debt and for activities unrelated to operations of the Société and its subsidiaries is presented in the statement of contributed surplus, whereas the portion used to finance the operating loss is presented as a subsidy in the operating statement.

Income taxes

Since all the company's shares are held by the Gouvernement du Québec, the Société nationale de l'amiante is exempt from income taxes; this also holds true for its wholly-owned subsidiaries.

3. Adjustment made to previous years

This adjustment represents the Société's share in adjustments made by subsidiaries resulting from:

- a decrease in income taxes owing to a new assessment of $485 000 for year 1978;
- increases in income taxes owing to new assessments of $268 000 for years 1983 to 1987;
- rebates by the Commission de la santé et de la sécurité du travail under a program for assessment notice revision concerning years 1979 to 1986 as well as a gain resulting from a modification in the computation of assessable earnings ($560 000).

4. Investments at equity value
(in thousands of dollars)

	1990	1989
Investments in subsidiaries (page 546)		
Mines-SNA inc. and its subsidiary, Société Asbestos Limitée	28 035	26 203
Les Mines d'Amiante Bell, ltée	26 373	25 987
Atlas Turner inc. and its subsidiaries	3 250	2 180
151222 Canada inc. (Distex-SNA inc.) and its subsidiaries	25	25
Ceram-SNA inc.	2 968	2 837
Other		(3 661)
	60 651	53 571
Other investments		
Selling price balance and loans to denationalized companies, bearing interest at 10% or at a chartered bank's prime rate plus 1%	5 018	1 900
Allowance for loss on selling price balance	(1 200)	
	64 469	55 471

These investments also include loans and advances granted by the Société nationale de l'amiante.

Several subsidiaries have been dissolved during the year.

5. Long-term debt
(in thousands of dollars)

	1990	1989
Loan renewable at 90 days, at the rate of bank acceptances plus 3/8 of 1% and repayable in part prior to maturity, maturing November 3, 1992	125 000	150 000
Bonds, interest at 5/8 of 1% less than the banks' prime rate, callable, maturing June 20, 1996	23 500	23 500
Mortgage loan		307
Gouvernement du Québec loan, 1/2 of 1% more than the prime rate, repayable conditional to the profits of a subsidiary, maturing in July 1992	1 250	1 250
	149 750	175 057
Portion of the long-term debt due within one year	25 000	25 307
	124 750	149 750

Payments over the next 5 years amount to: 1991 and 1992, $25 000 000 annually; 1993, $76 250 000; 1994 and 1995, none.

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6. Capital stock
(in thousands of dollars)

	1990	1989
Authorized 250 000 common shares with a par value of $1 000 each		
Issued and paid up 158 369 shares	158 369	158 369

Pursuant to its Act of incorporation, all Société shares belong to the public domain and are assigned to the Minister of Finance of the Gouvernement du Québec.

7. Contingent liabilities

a) Class actions

On November 13, 1986, legal proceedings were instituted by shareholders of Société Asbestos limitée for authorization to bring a class action with regard to the transaction by which the Société nationale de l'amiante assumed control of Mines-SNA inc., majority shareholder of the Société Asbestos limitée.

The respondents in the case are: Société Asbestos limitée, Mines-SNA inc., Société nationale de l'amiante, General Dynamics Corporation and the Attorney General of Québec.

A decision dismissing the request was rendered on March 12, 1987. This decision was challenged in the Court of Appeal which upheld the trial decision on February 8, 1990. The plaintiff lodged a request with the Supreme Court of Canada to appeal against the Court of Appeal decision. This request was rejected by a Supreme Court decision dated July 5, 1990.

b) Cases before the Commissions des Valeurs mobilières

There are complaints filed with the Ontario Securities Board and the Commission des Valeurs mobilières du Québec by a committee grouping a number of minority shareholders of the Société Asbestos limitée (SAL); the complaints allege that the SNA should have offered all SAL shareholders to buy their stock in the company on terms similar to those offered to General Dynamics Corporation (GD) for the purchase of shares in the private enterprise Mines-SNA inc., which controlled SAL. Both commissions have called hearings to hear each party's side of the issue.

The Commission des Valeurs mobilières du Québec has ruled that the Société nationale de l'amiante enjoys the immunity of the Crown and, therefore, that the provisions on public bids in the Québec Securities Act did not apply to it.

However, the Ontario Securities Board has withheld its ruling on the preliminary question as to whether the Société is bound by the provisions of the Ontario Securities Act, until the hearings are completed.

The decisions of both securities boards have been appealed.

c) Lawsuits

Individuals working or having worked for companies using asbestos, alleging that long-term exposure to asbestos fibres has affected their health, have filed numerous lawsuits in the United States against the various suppliers of asbestos fibres and products. A number of SNA subsidiaries are among the many suppliers of asbestos fibres and manufacturers of asbestos products cited in these cases. They have also been named in various lawsuits regarding the withdrawal of asbestos-based products from the market. The companies deny any responsibility and all suits are contested in the United States. Should a decision be handed down in the United States against these subsidiaries, it could not be enforced against them, in the opinion of legal experts consulted, before being tested and validated by a competent court in the Province of Québec. Furthermore, any liability to which the subsidiaries may be held as a result of these lawsuits is partially covered by insurance.

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7. Contingent liabilities (cont'd)

c) Lawsuits (cont'd)

A class action was brought against a subsidiary of the Société by the participants in the Pension plan for hourly-paid employees following the plan's ending. Under these proceedings, the plaintiff claims from the Société's subsidiary a refund of approximately $1 650 000 plus interest since July 1, 1986 as plan contributions refund for years 1982 to 1986. However, the Société's legal counsel consider this class action to be groundless. Should it become necessary to pay an amount yet to be evaluated on that account, the resulting loss would be recorded as an adjustment to previous years.

d) Guarantee

Under an agreement signed August 24, 1989, the Société become guarantor for a maximum of $3 000 000 toward the Royal Bank of Canada as part of a financial operation concerning a change of control involving one of the associates of Lab, a limited partnership. This guarantee is valid for a maximum of 5 years from August 24, 1994.

e) Survival of the Société

In view of losses in recent years, the Société could not meet its financial commitments should the Gouvernement du Québec withdraw its financial support.

8. Commitments and guarantees

The Société became guarantor for an operating lease entered into by its subsidiary, Ceram-SNA inc. This debt amounting to $566 000 will become extinct in September 1990.

It also guarantees payment of an operating lease maturing December 31, 1997 contracted by a subsidiary for a total of $11 986 000. The subsidiary's rented offices are sublet in part until maturity of the lease. Payments under the contract for the next 5 years break down as follows: 1991, $1 460 000; 1992, $1 502 000; 1993, $1 544 000 and 1994 and 1995, $1 575 000 annually.

9. Comparative figures

Certain figures from the previous year have been regrouped and reclassified for consistency with figures for the current year.

AUDITORS' REPORT

To the Minister responsible for the
Société nationale de l'amiante

We have examined the balance sheet of the Société nationale de l'amiante as at March 31, 1990 and the statements of operations, contributed surplus, deficit and changes in financial position for the year then ended. We obtained all the information and explanations sought. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, from the information and explanations provided to us and based on the information contained in the company's books, these financial statements present fairly the financial position of the Société as at March 31, 1990 as well as the results of its operations and changes in its financial position for the year then ended in accordance with generally accepted accounting principles, applied on a basis consistent with that of the preceding year.

Maheu Noiseux
Chartered Accountants

Thetford-Mines, May 3, 1990 (July 5, 1990 for Note 7 a)

SOCIÉTÉ QUÉBÉCOISE D'ASSAINISSEMENT DES EAUX
R.S.Q., c. S-18.21

REVENUE AND EXPENDITURE
for the year ended March 31, 1990
(in thousands of dollars)

	1990	1989
REVENUE		
Management fees (Note 3)	12 263	10 346
Net financial revenue (Note 4)	301	273
	12 564	10 619
EXPENDITURE		
Salaries and wages	5 267	4 520
Transportation and communications	897	734
Professional, administrative and other services	6 321	5 102
Maintenance and repairs	33	51
Rent	562	513
Supplies	177	171
Machinery and equipment	82	95
	13 339	11 186
Expenditure charged to treatment works	(775)	(567)
	12 564	10 619

TREATMENT WORKS IN PROGRESS (Note 11)

as at March 31, 1990
(in thousands of dollars)

	1990	1989
Rough draft studies	8 645	8 497
Studies of wastewater by infiltration and collection (EPIC studies)	37 187	36 348
Preliminary studies	37 283	18 148
Water treatment		
Upgrading	156 300	145 492
Handling of waste	552 895	502 794
Purification	619 268	524 133
Standards	156	59
	1 328 619	1 172 478
	1 411 734	1 235 471

CHANGES IN TREATMENT WORKS IN PROGRESS (Note 11)

for the year ended March 31, 1990
(in thousands of dollars)

	1990	1989	Cumulative (December 1980 to March 31, 1990)
Opening balance	1 235 471	1 020 686	
Additions	289 604	246 354	1 733 036
	1 525 075	1 267 040	1 733 036
Treatment facilities transferred to municipalities	113 341	31 569	321 302
Closing balance	1 411 734	1 235 471	1 411 734

SOCIÉTÉ QUÉBÉCOISE D'ASSAINISSEMENT DES EAUX

CHANGES IN FINANCIAL POSITION

for the year ended March 31, 1990
(in thousands of dollars)

	1990	1989
OPERATING ACTIVITIES		
Revenue and expenditure not affecting liquid assets		
Deferred revenues transferred to management fees	(679)	(1 270)
Amortization of deferred charges	9 628	10 151
	8 949	8 881
Changes in assets and liabilities related to operations	1 554	3 179
Funds generated by operating activities	10 503	12 060
INVESTMENT ACTIVITIES		
Amounts charged to long-term receivables		
Completed treatment works	(289 604)	(246 354)
Financing of works executed by municipalities		
Development of river banks		(211)
Other	(528)	(544)
Collection on long-term receivables	31 130	10 939
Acquisition of fixed assets	(251)	
Funds absorbed by investment activities	(259 253)	(236 170)
FINANCING ACTIVITIES		
Long-term debt	283 124	215 310
Repayment of the long-term debt	(25 775)	(2 046)
Fund set aside for the repayment of the long-term debt -- variation	(2 227)	(2 151)
Funds generated by financing activities	255 122	211 113
INCREASE (DECREASE) IN LIQUID ASSETS	6 372	(12 997)
OUTSTANDING CHEQUES LESS CASH AT THE BEGINNING	(13 783)	(786)
OUTSTANDING CHEQUES LESS CASH AT THE END	(7 411)	(13 783)

SOCIÉTÉ QUÉBÉCOISE D'ASSAINISSEMENT DES EAUX

BALANCE SHEET
as at March 31, 1990
(in thousands of dollars)

	1990	1989
ASSETS		
CURRENT ASSETS		
Accounts receivable (Note 5)	14 587	7 800
Prepaid expenses	4 953	2 680
	19 540	10 480
LONG-TERM RECEIVABLES (Notes 6 and 11)	1 656 396	1 397 394
FIXED ASSETS (Note 7)	251	
DEFERRED CHARGES	30 357	38 829
FUNDS RESERVED FOR REPAYMENT OF THE LONG-TERM DEBT (Note 8)	8 073	5 846
	1 714 617	1 452 549
LIABILITIES		
CURRENT LIABILITIES		
Outstanding cheques less cash	7 411	13 783
Accounts payable, holdbacks on contracts and accrued liabilities (Note 9)	58 646	46 876
	66 057	60 659
DEFERRED REVENUES	4 570	5 249
LONG-TERM DEBT (Note 10)	1 643 990	1 386 641
	1 714 617	1 452 549

COMMITMENTS (Note 12)

CONTINGENT LIABILITIES (Note 13)

On behalf of the Board of Directors,

Michèle V. Lortie
Jean-Yves Babin

NOTES TO FINANCIAL STATEMENTS
March 31, 1990
(in thousands of dollars)

1. Constitution, purpose and financing

A corporation within the meaning of the Civil Code, the Société québécoise d'assainissement des eaux was incorporated under a special Act (R.S.Q., c. S-18.2.1 and amendments) to:

- design, build, improve, expand, start, finance or operate water treatment facilities for the needs of municipalities and carry out restoration work on municipal sewer systems;
- carry out studies for restoration of municipal sewer systems;
- carry out other studies with respect to sewage and water treatment;
- finance work to improve the bed, shores and land bordering on lakes and watercourses;
- finance work to regulate water levels in lakes and watercourses.

The Société has been given until December 31, 1990 to undertake construction, improvement or expansion of water treatment facilities and municipal sewer restoration work.

The Société is a non-profit organization. It bills the Gouvernement du Québec on behalf of municipalities, and municipalities for the water treatment studies and work it carries out.

2. Accounting policies

The Société's financial statements have been prepared by management on the accrual basis in accordance with the accounting policies as disclosed hereunder. These statements include amounts based on best estimates and judgment.

Management fees

Management fees are determined according to a percentage of the cost to complete water treatment facilities and other work.

- Billing

  Revenue from management fees is billed as follows for treatment works:

  - Based on expenses for studies of wastewater by infiltration and collection (EPIC), rough draft studies and preliminary studies.
  - According to an even distribution over the estimated duration of the project (on the progress basis) for treatment work.
  - For other types of work, revenue from management fees is billed according to the degree of work completion.

- Deferred revenue

  Management fees to be billed for the full execution of the Société's mandate cover the period over which the work is being completed as well as the period of management and financing of the debt service related to such work.

  The Société is unable to determine the exact amount of management fees for each year in relation to the total duration of its mandate.

  Consequently, the management fees billed each year in excess of net operating expenses are credited to deferred revenue or, in the opposite case, a portion of deferred revenue equal to the year's net operating expenses in excess of billed management fees is credited to revenue for the year.

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990
(in thousands of dollars)

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2. Accounting policies (cont'd)

Interest on the long-term debt

Interest on bonds and notes is recorded on the cash basis while interest on bank loans is recorded on the accrual basis.

Pension plan

The employer contribution to the Government and Public Employees Retirement Plan (RREGOP) is assumed by the Gouvernement du Québec and is not shown in the statement of revenue and expenditure.

Long-term receivables

Long-term receivables, from the Gouvernement du Québec for the municipalities and from the municipalities themselves, include expenses for water treatment facilities and the financing of development of river banks by municipalities, less any recoveries.

Fixed assets

Fixed assets, other than those related to treatment works, whose unit cost is more than $50 000 are capitalized and depreciated by the straight-line method over three years. Other fixed assets are charged to expenditure.

Deferred charges

Cost related to hedging exchange losses on long-term borrowings in foreign currencies as well as discounts and issuance expenses on the long-term debt are deferred. These costs are amortized according to the effective rate over the duration of the borrowing. Amortization is accounted for on the borrowing's anniversary.

Treatment works in progress

Costs chargeable to water treatment works and interim financing charges are recorded on the accrual basis.

Even though the Société bills the Gouvernement du Québec on the municipalities' account and the municipalities themselves, it remains owner of the treatment facilities until they are transferred to the municipalities. Facilities are transferred once the final delivery procedures for purification units have been completed, even if other costs could be incurred.

3. Management fees

	1990	1989
Rough draft studies		31
Studies of wastewater by infiltration and collection (EPIC)	202	283
Preliminary studies	2 467	1 760
Purification work	8 518	6 475
Municipal work	389	517
Other	8	10
	11 584	9 076
Transfer from deferred revenue	679	1 270
	12 263	10 346

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990
(in thousands of dollars)

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4. Net financial revenue

	1990	1989
Interest billed to the Gouvernement du Québec on behalf of municipalities and to the municipalities	154 740	126 627
Interest charged to treatment works in progress	3 488	2 066
	158 228	128 693
Less:		
Interest on bonds and notes	114 267	99 740
Amortization of deferred charges	9 628	10 151
Interest on bank loans	34 032	18 529
	157 927	128 420
Excess of interest billed and charged over interest paid	301	273

This excess is caused by the fact that interest is billed on treatment work financed through deferred revenue.

5. Accounts receivable

	1990	1989
Interest on long-term receivables		
Gouvernement du Québec on behalf of municipalities	12 100	7 039
Municipalities	2 051	295
	14 151	7 334
Other	436	466
	14 587	7 800

6. Long-term receivables

	1990	1989
Gouvernement du Québec on behalf of municipalities:		
Rough draft studies	4 333	6 857
Studies of wastewater by infiltration and collection (EPIC)	15 695	30 772
Preliminary studies	31 844	15 192
Treatment works	1 376 395	1 143 089
Development of river banks	2 093	2 164
Financing of projects realized by municipalities	803	377
Amounts carried forward	1 431 163	1 198 451

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990
(in thousands of dollars)

6. Long-term receivables (cont'd)

	1990	1989
Amounts brought forward	1 431 163	1 198 451
Municipalities:		
Preliminary studies	785	529
Treatment works	191 741	163 681
Development of river banks	923	974
Financing of projects realized by municipalities	257	167
	193 706	165 351
Completed work to be billed	31 527	33 592
	1 656 396	1 397 394

The above receivables bear interest at a rate equal to that paid by the Société on its long-term debt. They are collectable as follows:

Rough draft studies	5 years
Studies of wastewater by infiltration and collection (EPIC)	5 years
Preliminary studies	5 years
Treatment works and financing of projects realized by municipalities:	
Municipalities	20 years
Gouvernement du Québec	25 years
Development of river banks	20 years

7. Fixed assets

	1990
At cost	
Data processing equipment and software	65
Information system development costs	186
	251

These fixed assets are not depreciated since the attendant data processing system was not yet in use as at March 31, 1990.

8. Fund set aside for repayment of the long-term debt

	1990	1989
Changes in the fund		
Balance at the beginning	5 846	3 695
Increase		
Receivables collected from municipalities deposited in the fund	2 340	2 119
Interest	637	480
	2 977	2 599
Amounts carried forward	8 823	6 294

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990
(in thousands of dollars)

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8. Fund set aside for repayment of the long-term debt (cont'd)

	1990	1989
Amounts brought forward	8 823	6 294
Withdrawal		
Repayment on the long-term debt	(750)	(448)
Balance at the end	8 073	5 846

Net assets of the fund
(in thousands of dollars)

	1990	1989
Term deposits -- at cost	7 811	5 654
Accrued interest	262	192
	8 073	5 846

9. Accounts payable, holdbacks on contracts and accrued expenses

	1990	1989
Société operations		
Accounts payable and accrued liabilities	3 394	1 761
Works completed		
Accounts payable and accrued liabilities	42 594	36 263
Holdbacks on contracts	12 658	8 852
	55 252	45 115
	58 646	46 876

10. Long-term debt

	1990	1989
Bonds and notes (a) (b)		
Various issues and notes at 7,99% to 10,73% (effective rates of 8,95% to 12,58%) repayable from 1990 to 2014, interest payable annually or semi-annually	1 275 519	1 192 239
Bank loans (c)	368 471	194 402
	1 643 990	1 386 641

The principal repayment schedule for the next five years is as follows:

1991	270 000
1992	83 820
1993	241 898
1994	230 200
1995	

(a) Principal and interest on bonds and notes are guaranteed by the Gouvernement du Québec. Long-term refinancing at maturity is anticipated for most of these debts.

(b) A number of these borrowings were contracted in foreign currency. Principal and interest are covered by swap contracts at predetermined fixed rates.

(c) These borrowings that are not guaranteed by the Gouvernement du Québec will be refinanced for a long term once the financing terms have been set.

11. Reconciliation of treatment works with long-term receivables

	at March 31 1990	at March 31 1989
Treatment works in progress	1 411 734	1 235 471
Treatment facilities transferred to municipalities	321 302	207 961
Financing of works realized by municipalities		
Development of river banks	3 310	3 310
Other	1 072	544
Amounts entered as long-term receivables	1 737 418	1 447 286
Less: Receipts	81 022	49 892
Long-term receivables	1 656 396	1 397 394

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990
(in thousands of dollars)

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12. Commitments

Commitments under agreements reached with municipalities and the Gouvernement du Québec concerning the execution and financing of water treatment works are as follows:

	1990	1989
Works covered by signed agreements	2 389 772	2 201 407
Works completed	1 733 036	1 443 432
Works to be completed	656 736	757 975

The Société is bound by leases extending until November 30, 1995 for office space.

Rent for the year on this office space amounts to $430 300. Minimum future payments are as follows:

Year	
1991	445
1992	622
1993	627
1994	620
1995	612
1996	333
	3 259

13. Contingent liabilities

At March 31, 1990, various Société suppliers have submitted claims amounting to $31,6 million. The Société is challenging these claims arising from works contracts. In the opinion of legal counsel, it is presently impossible to determine the outcome of the suits and the amount for which the Société might be held liable. However, the Société has established an estimated provision for claims payable, included in "accounts payable and accrued liabilities" and charged to "completed works to be billed". Any amount it might be ordered to pay will be charged to the Gouvernement du Québec on behalf of municipalities and to the municipalities.

14. Comparative figures

Certain figures from 1989 have been reclassified for consistency with the presentation adopted in 1990.

SOCIÉTÉ QUÉBÉCOISE D'ASSAINISSEMENT DES EAUX

AUDITOR'S REPORT

I have examined the balance sheet of the Société québécoise d'assainissement des eaux as at March 31, 1990 as well as the statement of revenue and expenditure, the statement of changes in financial position for the year then ended and the statements pertaining to treatement works in progress. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Société as at March 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies disclosed in Note 2 applied on a basis consistent with that of the preceding year.

The Auditor General of Québec,
Rhéal Chatelain, F.C.A.

Québec, June 4, 1990

SOCIÉTÉ QUÉBÉCOISE DES TRANSPORTS
R.S.Q., c. S-22.1

CONSOLIDATED OPERATING STATEMENT
for the year ended December 31, 1989

	1989	1988
REVENUE		
Interest on short-term investments	$48 003	$102 043
Subsidy from the Gouvernement du Québec -- Interest on long-term debt		229 657
	48 003	331 700
EXPENDITURE		
Professional fees	179 769	132 334
Salaries and wages	2 573	149 108
Financial expenses	2 256	446 873
Rental of office space, taxes and insurance		70 970
Travelling and entertainment expenses		11 986
Office supplies and expenses		5 644
	184 598	816 915
NET LOSS	$136 595	$485 215

CONSOLIDATED DEFICIT
for the year ended December 31, 1989

	1989	1988 (Note 3)
OPENING BALANCE		
Previously stated	$41 845 357	$40 860 142
Adjustments -- provision for claims payable and allowance for doubtful accounts (Note 3)	(272 683)	(272 683)
Adjusted balance	41 572 674	40 587 459
Net loss	136 595	485 215
Decrease in subsidy receivable		500 000
CLOSING BALANCE	$41 709 269	$41 572 674

SOCIÉTÉ QUÉBÉCOISE DES TRANSPORTS

CONSOLIDATED BALANCE SHEET
as at December 31, 1989

	1989	1988
		(Note 3)
ASSETS		
CURRENT ASSETS		
Cash	$3 105	$144 224
Short-term investments -- at cost	296 928	594 774
Accounts receivable (Note 4)	56 641	55 544
	356 674	794 542
INVESTMENT (Note 5)	3 000 000	3 000 000
	$3 356 674	$3 794 542
LIABILITIES		
CURRENT LIABILITIES		
Bank loan	$6 000	
Accounts payable and accrued expenses	61 457	$27 068
Provision for claims (Note 8)	1 318 686	1 660 348
	1 386 143	1 687 416
SHAREHOLDER'S EQUITY		
Capital stock (Note 6)	28 679 800	28 679 800
Preferred shares of 1848-7199 Québec Inc. (Note 7)	15 000 000	15 000 000
Deficit	(41 709 269)	(41 572 674)
	1 970 531	2 107 126
	$3 356 674	$3 794 542

CONTINGENT LIABILITIES (Note 8)

SUBSEQUENT EVENTS (Note 9)

On behalf of the Board of Directors,

René Vincent
Serge Rémillard

SOCIÉTÉ QUÉBÉCOISE DES TRANSPORTS

NOTES TO FINANCIAL STATEMENTS
December 31, 1989

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1. Constitution and purpose

The Société québécoise des transports is a company incorporated under a special Act (R.S.Q., c. S-22.1).

According to that Act, the Société's purpose is to:

- promote the establishment, modernization, expansion, development, consolidation and grouping of transportation firms to meet Québec's commercial and industrial needs and promote the export of goods produced in the province;
- maximize the socio-economic benefits to Quebecers from transportation and related activities;
- act as a management and holding company in the transportation sector.

2. Accounting policies

The Société's consolidated financial statements have been prepared by management in accordance with generally accepted accounting principles. These statements include amounts based on best estimates and judgment.

Consolidation

The consolidated financial statements include the accounts of the Société québécoise des transports and its wholly-owned subsidiary 1848-7199 Québec Inc.

Investment

The portfolio investment is recorded at cost.

3. Prior period adjustments

One adjustment involves a decrease of $222 406 in the provision for claims payable at December 31, 1988 whose outcome management was unable to assess at this date (Note 8).

Another adjustment of $50 277 was made to cancel the allowance for loss on receivables now collectable by the Société. These receivables had been bought from Québécair pursuant to a contract for the assignment and sale of receivables (Note 8).

As a result, the following items in the financial statements for the year ended December 31, 1988 have been increased (decreased):

	As at December 31 1988
Accounts receivable	$50 277
Provision for claims	(222 406)
Deficit	(272 683)

4. Accounts receivable

	1989	1988
Accounts receivable	$126 027	$124 930
Allowance for loss on accounts receivable	69 386	69 386
	$56 641	$55 544

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5. Investment

	1989	1988
Propair Inc.		
Class "A" preferred shares, without dividend, redeemable at the company's option for the amount paid as capital -- at cost	$3 000 000	$3 000 000

The Société holds this investment following an exchange of its shares with the Ministère des Transports in 1984-1985. This risk investment represents, indirectly, a socio-economic investment of the Gouvernement du Québec.

6. Capital stock

	1989	1988
Authorized:		
750 000 shares with a par value of $100 each		
Issued and fully paid:		
286 798 shares	$28 679 800	$28 679 800

The shares of the Société are held by the Gouvernement du Québec.

7. Preferred shares of 1848-7199 Québec Inc.

As the shareholder of the Société, the Gouvernement du Québec holds 6 666 666 class "B", preferred no par value participating and convertible shares of 1848-7199 Québec Inc.

8. Contingent liabilities

a) Pursuant to the September 1, 1987 agreement for the sale of Québecair shares, the Société and its shareholder, the Gouvernement du Québec, are jointly and severally committed to compensate the buyer for amounts which the latter or Québecair may be called upon to pay as a result of the following litigation existing on August 1, 1986:

   a. Lawsuits, notices and grievances filed against Québecair and its subsidiaries concerning employee layoffs, default on contracts and failure to meet commitments.

   b. Possible claims against Québecair for uplift charges during years 1982 to 1985 inclusive.

   At December 31, 1989, lawsuits and other filed claims total $16 081 938 ($16 784 866 at December 31, 1988). Based on information available at the time, management estimated the provision for claims payable at $1 318 686 as at December 31, 1989. During the year, this provision was decreased by $222 406 through an adjustment to the previous years and reduced by $341 662 following settlements during the year. This provision does not include legal fees, which are recorded during the year when incurred.

   Any amount which the Société may be called upon to pay after December 31, 1989 over and above the provision for claims payable at such time, in relation to any above-mentioned litigation, will be recorded as an adjustment to year 1986, having an impact on the loss on disposal of the investment in Québecair.

b) Moreover, under a contract for the assignment and sale of receivables, the Société purchased accounts receivable from Québecair. An allowance for loss on these receivables has been recorded at December 31, 1989 for $69 386. Any amount recovered from these receivables will then be accounted for as an adjustment to year 1986.

NOTES TO FINANCIAL STATEMENTS (cont'd)
December 31, 1989

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9. Subsequent events

a) On February 21, 1990, the Gouvernement du Québec granted to the Société a $1 000 000 subsidy to support the task force for the feasability study on a rapid rail passenger transit in the central Canada region.

This subsidy will be paid to the Société at the rate of $400 000 during the Government's fiscal 1989-1990 and $600 000 during the following fiscal year.

b) On November 14, 1990, the Gouvernement du Québec authorized the Société to enter into an agreement with the buyer of Québécair concerning the settlement of litigation over the sale of Québécair shares. This agreement will be reached subject to abidance by certain conditions.

This projected agreement deals especially with claim settlement, counter-claims and legal fees. According to the agreement, the amount to be paid by the Société to the buyer of Québécair is set at $2,7 M.

This payment will be financed through a bank loan of $2,7 M whose reimbursement, plus financing costs, will be assumed by the Gouvernement du Québec.

10. Comparative figures

Certain figures from the 1988 operating statement have been reclassified for consistency with the presentation adopted in 1989.

AUDITOR'S REPORT

I have examined the consolidated balance sheet of the Société québécoise des transports as at December 31, 1989 as well as the consolidated operating statement and the consolidated statement of deficit for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these consolidated financial statements present fairly the financial position of the Société as at December 31, 1989 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

On behalf of the Auditor General of Québec,
Guy Breton, F.C.A.
Assistant Auditor General

Québec, July 13, 1990 (November 28, 1990 for Note 9b)

SOCIÉTÉ QUÉBÉCOISE D'EXPLORATION MINIÈRE -- SOQUEM
R.S.Q., c. S-19

CONSOLIDATED STATEMENT OF EARNINGS AND RETAINED EARNINGS
for the year ended March 31, 1990

	1990	1989
EXPLORATION AND RESEARCH:		
Abandoned mining projects (Note 6)	$2 685 284	$2 871 991
Research projects	383 842	349 465
Recovered mining duties	(1 035 366)	(863 198)
Other expenses, net	945 929	896 368
Loss before investment revenues	2 979 689	3 254 626
INVESTMENT REVENUES:		
Net financial revenues (Note 9)	1 863 807	3 894 256
Share of net earnings in a company subject to significant influence (Note 4)	4 622 452	5 514 373
Share of gain resulting from public stock issues by a company subject to significant influence	6 451 119	485 063
Gain on disposals of common shares in Cambior Inc., a company subject to significant influence (Note 4)	2 975 266	3 160
Expenses pursuant to the disposal of investments in prior periods	(54 358)	(479 031)
	15 865 776	9 417 831
NET EARNINGS	12 886 087	6 163 205
DEFICIT AT THE BEGINNING	(11 683 027)	(17 846 232)
RETAINED EARNINGS (DEFICIT) AT THE END	$1 203 060	($11 683 027)

SOCIÉTÉ QUÉBÉCOISE D'EXPLORATION MINIÈRE -- SOQUEM

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
for the year ended March 31, 1990

	1990	1989
OPERATING ACTIVITIES		
Funds from operations (Note 10)	$2 629 129	$4 004 657
Change in assets and liabilities related to operations	3 491 470	(4 530 983)
	6 120 599	(526 326)
FINANCING ACTIVITIES		
Refund of share capital		(25 000 000)
INVESTING ACTIVITIES		
Proceeds from disposals:		
Gold ingots	1 057 893	
Investments	10 986 888	229 823
Fixed assets	2 250	49 088
Receivables on disposals		42 676 578
Additions:		
Deferred charges	(6 050 018)	(5 086 437)
Fixed assets	(291 919)	(204 097)
Investments	(1 625 225)	
	4 079 869	37 664 955
INCREASE IN CASH FOR THE YEAR	10 200 468	12 138 629
NET CASH AT BEGINNING OF YEAR	13 272 940	1 134 311
NET CASH AT END OF YEAR	$23 473 408	$13 272 940

Net cash includes cash and short-term investments.

CONSOLIDATED BALANCE SHEET
as at March 31, 1990

	1990	1989
ASSETS		
CURRENT ASSETS		
Cash	$164 321	$1 207 981
Short-term investments, at cost	23 309 087	12 064 959
Accounts receivable	559 070	555 958
Mining duties receivable	1 010 355	3 782 913
Gold inventory (Note 3)	574 400	1 039 870
Prepaid expenses	89 262	116 606
Investments (Note 4)		720 000
	25 706 495	19 488 287
GOLD INVENTORY (Note 3)		587 449
INVESTMENTS (Note 4)	59 560 708	55 704 546
FIXED ASSETS (Note 5)	603 496	504 987
DEFERRED CHARGES (Note 6)	19 691 357	16 421 344
	$105 562 056	$92 706 613
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued charges	$1 227 692	$706 134
Deferred revenue (Note 7)	531 304	541 753
	1 758 996	1 247 887
DEFERRED REVENUE (Note 7)		541 753
	1 758 996	1 789 640
SHAREHOLDER'S EQUITY		
Share capital (Note 8)	85 600 000	85 600 000
Contributed surplus	17 000 000	17 000 000
Retained earnings (deficit)	1 203 060	(11 683 027)
	103 803 060	90 916 973
	$105 562 056	$92 706 613

COMMITMENTS (Note 12) AND CONTINGENCIES (Note 13)

On behalf of the Board,

Robert De Coster, Director
André F. Laurin, Director

SOCIÉTÉ QUÉBÉCOISE D'EXPLORATION MINIÈRE -- SOQUEM

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 1990

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1. Constitution and objects

The Société québécoise d'exploration minière -- SOQUEM was created by a special law (R.S.Q., c.S-19) of the National Assembly with the following objects:

- mining exploration by all methods;

- prospecting and development, mining and conversion of mineral substances.

To these ends, the Company may, according to the law, associate or make agreements with any person or company.

In carrying out its objects, the Company must aim to be profitable.

2. Accounting policies

Consolidation

The consolidated financial statements include the accounts of SOQUEM and its wholly-owned subsidiary, Soquemines Inc.

Gold inventory

The inventory consists of gold ingots and is valued at the net realizable value.

Investments

SOQUEM uses the equity method to account for its investments when the percentage of voting shares it holds in a company is higher than 20% but does not exceed 50%.

Other investments are accounted for at cost.

The discrepancy between the purchase price of shares in a company subject to significant influence and the book value of the same shares as determined on the acquisition date is amortized over forty years on a straight-line basis. This amortization is included in the "Share of net earnings in a company subject to significant influence" in the consolidated statement of earnings and retained earnings.

Fixed assets

The fixed assets are recorded at cost and depreciated using the straight-line method at the following rates:

Building	4%
Exploration equipment	10% to 25%
Office equipment	10% to 20%
Data processing equipment and software	13% to 20%
Vehicles	20% to 40%
Leasehold improvements	6% to 30%

Deferred charges

The costs related to acquisitions of mining rights and interests, to mineral exploration and to development of discoveries as well as relevant administration charges are deferred until a decision is made to bring an orebody into production, whereupon the costs related to this orebody are charged to fixed assets. On the other hand, when a mining project is abandoned, all related costs are charged to the current operations of the financial year during which such abandonment occurs.

Deferred revenue

Revenues from gold sales contracts, at predetermined prices and dates, are deferred and credited to revenues in the year where delivery occurs. However, the buyer is reimbursed if his option to cancel delivery is exercised.

2. Accounting policies (cont'd)

Translation of foreign currency

Some assets and liabilities have been converted at the year-end exchange rate; revenues and expenses were converted at the rate prevailing on the date of the transaction. Gains or losses on foreign exchange are included in current operations.

Contributed surplus

Grants paid by the Québec government as a shareholder are recorded as contributed surplus.

3. Gold inventory

	1990	1989
Gold for sales contracts expiring within a year	$574 400	$541 753
Gold for sale		498 117
	574 400	1 039 870
Gold for other sales contracts		587 449
	$574 400	$1 627 319

Part of the gold inventory totalling $531 304 was set aside to ensure compliance with the current and future obligations of the gold sales contracts. As at March 31, 1990, this inventory consists of 1 280 troy ounces of fine gold. The obligations attached to the sales contracts call for remittance of 1 180 gold ounces.

4. Investments

	Interest %			
	1990	1989	1990	1989
On an equity basis Cambior Inc. -- company subject to significant influence *: 6 213 410 common shares (1989: 6 992 361 common shares) with a $4 par value each (market value: $96 307 855; 1989: $93 407 013)	20,23	29,45	$59 560 704	$55 704 542
At cost -- other investments			4	720 004
			59 560 708	56 424 546
Less: current maturities				720 000
			$59 560 708	$55 704 546

* The share of net earnings in Cambior Inc., established at $4 622 452 (1989: $5 514 373), was determined from audited financial statements as at December 31, 1989 and from unaudited financial statements for the three-month period ended March 31, 1990. Dividends of $838 413 were received during the year (1989: $769 224).

The discrepancy between the purchase price of 100 000 additional shares and their book value determined on the acquisition date was $687 604. The unamortized surplus as at March 31, 1990 is $684 739.

One million shares of Cambior Inc. held by SOQUEM since August 1986 had been set aside to satisfy the exercise of the warrants on Cambior's shares by the warrant holders. These warrants expired on January 15, 1990 and were exercised almost in their entirety.

SOQUEM accordingly disposed of 878 951 shares of Cambior Inc. during the twelve months ended March 31, 1990 for a sum of $10 986 888 (652 shares for $8 150 in 1989) and thus realized a gain on disposals of an investment totalling $2 975 266 (1989: $3 160).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (cont'd)
March 31, 1990

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5. Fixed assets

	1990			1989
	Cost	Accumulated depreciation	Net	Net
Land and building	$63 049	$15 132	$47 917	$50 439
Exploration equipment	569 416	458 722	110 694	73 584
Office equipment	384 340	318 295	66 045	62 689
Data processing equipment and software	302 726	79 412	223 314	147 120
Vehicles	66 444	58 565	7 879	7 753
Leasehold improvements	237 342	89 695	147 647	163 402
	$1 623 317	$1 019 821	$603 496	$504 987

6. Deferred charges

	1990	1989
Projects at the mineral exploration stage		
Balance at the beginning	$16 326 623	$14 112 177
Mineral exploration	6 050 018	5 086 437
Abandoned mining projects	(2 685 284)	(2 871 991)
Balance at the end	19 691 357	16 326 623
Other items		94 721
	$19 691 357	$16 421 344

7. Deferred revenue

	1990	1989
Gold sales contracts	$531 304	$1 083 506
Contracts expiring within a year	531 304	541 753
		$541 753

8. Share capital

	1990	1989
Authorized 12 500 000 shares at $10 par value		
Issued and paid 8 560 000 shares	$85 600 000	$85 600 000

SOQUEM's shares are wholly owned by the Québec government.

In accordance with its Charter, the Company's share capital issued and paid can, by decree of the government, be reduced and reimbursed.

9. Net financial revenues

	1990	1989
Interest revenues on short-term investments	$1 777 462	$3 557 111
Other interest revenues (charges)	86 435	(47 776)
Interest revenues on receivables from disposals		384 951
	$1 863 897	$3 894 286

10. Funds from operations

	1990	1989
Net earnings	$12 886 087	$6 163 205
Non-cash items:		
Depreciation of fixed assets	137 328	132 338
Deferred charges -- transfer to operations	2 769 706	2 973 415
Share of net earnings of company subject to significant influence, net of dividends received	(3 784 039)	(4 745 149)
Gain on disposals of common shares of Cambior Inc. -- company subject to significant influence	(2 975 266)	(3 160)
Gain on disposals of other investments		(43 737)
Share of gain resulting from public stock issues by Cambior Inc. -- company subject to significant influence	(6 458 519)	(485 043)
Loss on disposals of fixed assets	53 832	12 788
	$2 629 129	$4 004 657

11. Retirement plans

SOQUEM presently maintains two retirement plans for full-time regular employees: one includes substantially all non-union employees whereas the other covers all union members. Both plans are contributing and benefit based. The most recent actuarial valuations of these plans is dated December 31, 1988 and shows a combined experience gain of $1,2 million.

Following its approval by a majority of members of both plans and a decision by SOQUEM's Board of Directors, a request for merger of the two plans, retroactive to January 1, 1989, was submitted to the Régie des rentes du Québec. At the time of preparation of the present financial statements, the merger endorsement had not yet been received.

The proposed merger is part of a reorganization program of both plans designed to allow for certain improvements such as the abolition of the ceiling on maximum benefits and the indexation of the benefits paid. Some participants to both plans will also be allowed to buy back prior service during 1990.

In addition, part of the experience gain will be transferred to certain participants having left the retirement plans.

Most of the cost of the aforementioned changes in the plans will be funded by the combined experience gain of both plans as at December 31, 1988. Subsequent to the merger and to the introduction of the proposed changes, the experience gain will be reduced to approximately $300 000 as at December 31, 1989.

The impact of the merger and proposed changes will be determined after they have been approved by the Régie des rentes du Québec.

12. Commitments

SOQUEM is committed under operating leases for a total amount of $3 450 000 until the year 2000 at a maximal annual rental of $434 000 for the use of equipment and vehicles as well as for office and warehouse space. The minimum payments on these leases for the next five years are as follows:

1991	$410 800
1992	343 500
1993	322 000
1994	306 900
1995	306 900

13. Contingencies

a) Pursuant to the agreement concluded on March 31, 1988 regarding the sale of its investment in Seleine Mines Inc., SOQUEM has made various commitments of a financial nature. These commitments could entail future cash inflows or outflows but it is impossible to estimate any such amount at the time of preparation of these financial statements.

b) The Company is subject to the tax on capital in accordance with the Québec Taxation Act. Privatization of its mining operations has, since March 30, 1988, caused SOQUEM to cease all mineral production, its activity being currently limited to mining exploration.

Accordingly, for tax on capital purposes, the Company considers itself a mining corporation having not yet attained the production stage and therefore subject only to the yearly minimum payable for every fiscal year since.

The ministère du Revenu du Québec rejected this position. SOQUEM has filed a notice of objection with the ministère du Revenu for the assessment received for the year ended March 31, 1989 and maintains the same position for 1989-1990.

An amount of $400 000, covering the tax on capital for both fiscal years, has nevertheless been deducted against the 1989-1990 earnings. The dispute has not yet been settled.

Any adjustment resulting from the resolution of the contingencies mentioned in a) and b) will be accounted for as a prior period adjustment.

c) As at March 31, 1990, the timing difference between expenses for accounting purposes and those for mining duties purposes reaches $5 945 000. This variance creates a $1 070 000 contingent asset for mining duties purposes which has not been accounted for.

SOQUEM also benefits from certain credits that can be used to reduce the taxable base regarding mining duties: credits for losses, in the amount of $935 170 and yearly credits of $270 000. These credits have not been booked and will expire as follows:

$90 000	in 1991
90 000	in 1992
794 118	in 1993
231 052	in 1995

The amount of any gain resulting from this contingency will be charged to operations of the financial year then in progress.

14. Comparative figures

Some comparative figures from 1989 were reclassified so as to correspond to the presentation adopted in 1990, following the December 1989 recommendations from the Canadian Institute of Chartered Accountants pertaining to extraordinary items, and their disclosure in financial statements.

SOCIÉTÉ QUÉBÉCOISE D'EXPLORATION MINIÈRE -- SOQUEM

AUDITOR'S REPORT

I have examined the consolidated balance sheet of Société québécoise d'exploration minière -- SOQUEM as at March 31, 1990 and the consolidated statement of earnings and retained earnings and the consolidated statement of changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these consolidated financial statements present fairly the financial position of the Company as at March 31, 1990 and the results of its operations and the changes in its financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The Auditor General of Québec,
Rhéal Chatelain, F.C.A.

Québec, May 22, 1990

SOCIÉTÉ QUÉBÉCOISE D'INFORMATION JURIDIQUE (SOQUIJ)
R.S.Q., c. S-20

REVENUE AND EXPENDITURE
for the year ended March 31, 1990

	1990	1989
REVENUE FROM PUBLICATIONS AND SERVICES (Note 3)	$5 792 035	$4 663 197
COST OF PUBLICATIONS AND SERVICES (Note 4)	4 632 206	3 683 022
GROSS PROFIT	1 159 829	980 175
Customer services (Note 5)	303 193	264 398
General and administrative expenses (Note 6)	704 950	649 281
	1 008 143	913 679
NET PROFIT	151 686	66 496
NET PROFIT ALLOCATED TO WORKING CAPITAL (Note 7)	25 268	66 496
BALANCE OF NET PROFIT TO BE REMITTED TO THE GOUVERNEMENT DU QUÉBEC	$126 418	

SOCIÉTÉ QUÉBÉCOISE D'INFORMATION JURIDIQUE (SOQUIJ)

BALANCE SHEET
as at March 31, 1990

	1990	1989
ASSETS		
CURRENT ASSETS		
Cash	$747 183	$521 191
Accounts receivable	993 978	380 366
Publications in inventory	310 849	342 947
Work in process -- publications	306 649	301 631
Prepaid expenses	20 924	29 691
	$2 379 583	$1 575 826
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$724 127	$319 402
Balance of net profit to be remitted to the Gouvernement du Québec	126 418	
Deferred revenues	1 279 038	1 031 692
	2 129 583	1 351 094
SURPLUS ALLOCATED TO WORKING CAPITAL (Note 7)	250 000	224 732
	$2 379 583	$1 575 826

COMMITMENTS (Note 8)

On behalf of the Société,

Jacques Viau, President
Guy Mercier, Vice-president

SOCIÉTÉ QUÉBÉCOISE D'INFORMATION JURIDIQUE (SOQUIJ)

NOTES TO FINANCIAL STATEMENTS
March 31, 1990

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1. Constitution and purpose

The Société québécoise d'information juridique (SOQUIJ), a corporation within the meaning of the Civil Code and established under a special Act (R.S.Q., c. S-20), is responsible for promoting research, processing and development of legal information to improve its quality and accessibility to the public.

The income of the Société in excess of expenditure for a fiscal year must be paid into the Consolidated Revenue Fund, after building a working capital of $250 000, which amount is determined by the Government.

2. Accounting policies

The financial statements of the Société have been prepared by management on the accrual basis and in accordance with the accounting policies as disclosed hereunder. These statements include amounts based on best estimates and judgment.

Publications in inventory and work in process

The inventory of publications and work-in-process -- publications is valued at the lower of cost and net realizable value. The cost of each publication includes direct design and publishing costs (labour, materials and printing) and attendant general and administrative expenses. The participations of certain agencies are then subtracted from this amount.

Fixed assets

Acquisitions of equipment, furniture, data processing equipment and books for the library are charged to operations.

Revenue from publications

Subscription revenue is credited over the duration of the subscriptions. For other publications, the shipping date determines the fiscal year in which revenue is accounted for.

Pension plan

The employer contribution to the Government and Public Employees Retirement Plan (RREGOP) is assumed by the Gouvernement du Québec and is not shown in the statement of revenue and expenditure.

3. Revenue from publications and services

	1990	1989
Private customers	$4 351 167	$3 309 243
Barreau du Québec	700 593	564 209
Ministère de la Justice	54 225	219 214
Chambre des notaires	378 345	402 939
Other agencies	307 705	167 592
	$5 792 035	$4 663 197

SOCIÉTÉ QUÉBÉCOISE D'INFORMATION JURIDIQUE (SOQUIJ)

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990

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4. Cost of publications and services

	1990	1989
Publications in inventory and work in process at the beginning	$644 578	$645 746
Costs for the year		
Direct production costs	3 259 310	2 564 238
General expenses assigned	1 414 338	1 245 536
	4 673 648	3 809 774
Participations in certain publications:		
Ministère de la Justice		(73 500)
Other agencies	(68 522)	(54 420)
	(68 522)	(127 920)
	5 249 704	4 327 600
Publications in inventory and work in process at the end	(617 498)	(644 578)
	$4 632 206	$3 683 022

5. Customer services

	1990	1989
Salaries and wages	$93 554	$86 170
Supplies	89 145	86 534
Rent and municipal taxes	15 724	17 188
Furniture and equipment	30 421	597
General expenses assigned	74 349	73 909
	$303 193	$264 398

6. General and administrative expenses

	1990	1989
Salaries and wages	$1 112 296	$1 010 975
Professional fees	92 919	77 733
Travelling and entertainment expenses	56 362	42 413
Communications and courier	124 064	122 942
Rent and municipal taxes	247 688	271 174
Equipment, furniture and maintenance	414 805	345 346
Stationery and office supplies	115 485	64 886
Documentation	15 566	17 104
Insurance	14 452	14 496
Bad debts		1 657
Amounts carried forward	$2 193 637	$1 968 726

SOCIÉTÉ QUÉBÉCOISE D'INFORMATION JURIDIQUE (SOQUIJ)

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990

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6. General and administrative expenses (cont'd)

	1990	1989
Amounts brought forward	$2 193 637	$1 968 726
Less:		
General and administrative expenses charged to:		
Cost of publications and services	1 414 338	1 245 536
Customer service	74 349	73 909
	1 488 687	1 319 445
	$704 950	$649 281

7. Surplus allocated to working capital

	1990	1989
Balance at the beginning	$224 752	$158 236
Net profit for the year allocated to working capital	25 248	66 516
Balance at the end	$250 000	$224 752

8. Commitments

The Société is bound under long-term leases extending until 1994 for administrative premises and equipment.

Rent for the year ended March 31, 1990 on these goods and services amounts to $266 516. Minimum future payments are as follows:

1990	$303 421
1991	197 847
1992	42 525
1993	64 800
1994	66 825
	$675 418

AUDITOR'S REPORT

I have examined the balance sheet of the Société québécoise d'information juridique (SOQUIJ) as at March 31, 1990 as well as the statement of revenue and expenditure for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Société as at March 31, 1990 and the results of its operations for the year then ended in accordance with the accounting policies disclosed in Note 2 applied on a basis consistent with that of the preceding year.

The Auditor General of Québec,
Rhéal Chatelain, F.C.A.

Québec, July 6, 1990

SOCIÉTÉ QUÉBÉCOISE D'INITIATIVES AGRO-ALIMENTAIRES -- SOQUIA
R.S.Q., c. S-21

OPERATIONS AND RETAINED EARNINGS
for the year ended March 31, 1990

	1990	1989
INVESTMENT EARNINGS		
Operating results of subsidiaries (Note 4)		
C.D.R.Q. Inc.	$2 101 351	$2 203 271
Usine de congélation de St-Bruno Inc.	(76 902)	74 077
Centre d'insémination artificielle du Québec (C.I.A.Q.) Inc.	3 003 415	4 594 694
Société québécoise des pêches	(1 550 555)	375 931
Centre d'insémination porcine du Québec (C.I.P.Q.) Inc.	15 004	
Société québécoise des bio-technologies agro-alimentaires -- BIO-AGRAL		(220 660)
	3 404 313	7 025 313
Share of operating results of companies subject to significant influence	2 639 324	2 664 519
Loss in value of an investment in a company subject to significant influence	(750 000)	
Interest (Note 10)	3 298 820	2 637 705
Dividends		997 082
Gain on disposal of investments	1 067 617	
Other revenue and expenditure	154 666	(13 922)
	9 874 350	13 310 697
(INCREASE) DECREASE IN ALLOWANCE FOR LOSSES		
Interest accrued and due on loans	(38 863)	(82 125)
Other investments		698 328
Bank loan guarantees		(68 000)
	(38 863)	548 203
ADMINISTRATIVE EXPENSES		
Salaries and wages	1 317 606	822 024
Professional and administrative services	241 343	181 772
Travelling and entertainment expenses	164 066	114 227
Conventions, advertising and subscriptions	157 824	42 528
Rent and office maintenance	134 271	129 273
Tax on capital	77 108	115 504
Office supplies and expenses	57 356	35 983
Financial expenses	6 958	340
Miscellaneous expenses	71 564	59 204
Depreciation on fixed assets	21 972	16 090
	2 250 018	1 537 545
PROFIT BEFORE EXTRAORDINARY ITEM	7 585 469	12 321 355
Share of the loss on disposal of a division of a company subject to significant influence, less attendant taxes		(491 320)
NET PROFIT	7 585 469	11 830 035
RETAINED EARNINGS AT THE BEGINNING	32 494 146	20 664 111
RETAINED EARNINGS AT THE END	$40 079 615	$32 494 146

SOCIÉTÉ QUÉBÉCOISE D'INITIATIVES AGRO-ALIMENTAIRES -- SOQUIA

STATEMENT OF CHANGES IN FINANCIAL POSITION
for the year ended March 31, 1990

	1990	1989
OPERATING ACTIVITIES		
Net profit before extraordinary item	$7 585 469	$12 321 355
Items not affecting liquid assets:		
Net results of subsidiaries less dividends	4 715 687	(6 001 140)
Share of operating results of companies subject to significant influence, less dividends	(645 160)	(1 778 224)
Loss in value of an investment in a company subject to significant influence	750 000	
Allowance for loss on other investments		(548 203)
Gain on disposal of investments	(1 047 407)	
Loss on disposal of fixed assets	4 096	
Depreciation on fixed assets	21 972	16 090
	11 384 657	4 009 878
Changes in assets and liabilities related to operations	(4 163 399)	(994 413)
Funds generated by operating activities	7 221 258	3 015 465
FINANCING ACTIVITIES		
Owed to the Gouvernement du Québec	9 000 000	
Long-term debt	10 000 000	
Funds generated by financing activities	19 000 000	
INVESTMENT ACTIVITIES		
Acquisition of fixed assets	(47 149 468)	(5 302 318)
Proceeds of disposal of investments	2 928 635	
Collection of loans	1 020 638	808 583
Other asset	(227 784)	(507 472)
Acquisition of fixed assets	(111 808)	(2 742)
Proceeds of disposal of fixed assets	17 256	
Funds absorbed by investment activities	(43 522 531)	(5 003 949)
DECREASE IN LIQUID ASSETS	(17 301 273)	(1 988 484)
LIQUID ASSETS AT THE BEGINNING	17 215 305	19 203 789
(LIQUID ASSETS DEFICIENCY) LIQUID ASSETS AT THE END	($85 968)	$17 215 305

Liquid assets of the Société consist of cash and term deposits less bank loan.

SOCIÉTÉ QUÉBÉCOISE D'INITIATIVES AGRO-ALIMENTAIRES -- SOQUIA

BALANCE SHEET
as at March 31, 1990

	1990	1989
ASSETS		
CURRENT ASSETS		
Cash	$307 184	$214 721
Term deposits -- at cost	6 863 723	17 000 584
Accounts receivable	30 254	5 063
Owed by the Gouvernement du Québec		1 541 967
Interest accrued and due on loans	876 096	637 579
Dividends receivable from subsidiaries	7 200 000	1 857 565
Payments on investments (Note 3)	1 099 883	1 347 083
	16 377 140	22 604 562
INVESTMENTS (Note 3)	115 463 991	75 690 826
FIXED ASSETS (Note 5)	125 829	57 345
OTHER ASSETS (Note 6)	1 097 868	870 084
	$133 064 828	$99 222 817
LIABILITIES		
CURRENT LIABILITIES		
Bank loan	$7 256 875	
Accounts payable and accrued expenses	140 802	$240 025
Provision for claims -- bank loan guarantees	104 000	104 000
Instalment due to the Gouvernement du Québec	16 500	
	7 518 177	344 025
OWED TO THE GOUVERNEMENT DU QUÉBEC -- WITHOUT INTEREST OR REPAYMENT TERMS	9 135 000	151 500
LONG-TERM DEBT (Note 7)	10 000 000	
	26 653 177	495 525
SHAREHOLDER'S EQUITY		
CAPITAL STOCK (Note 8)	55 800 000	55 800 000
ASSETS DONATED BY THE GOUVERNEMENT DU QUÉBEC (Note 9)	10 532 036	10 433 146
RETAINED EARNINGS	40 079 615	32 494 146
	106 411 651	98 727 292
	$133 064 828	$99 222 817

CONTINGENT LIABILITIES (Note 11)

On behalf of the Board of Directors,

André Martel
Lucien Biron

NOTES TO FINANCIAL STATEMENTS
March 31, 1990

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1. Constitution and purpose

The Société québécoise d'initiatives agro-alimentaires -- SOQUIA is a company incorporated under a special Act (R.S.Q., c. S-21) and is responsible for:

-- promoting the establishment, modernization, expansion, development, consolidation or grouping of firms in the food production sector;

-- taking part in the production, processing, packaging and marketing of any products related to the agriculture or food sector or to commercial fisheries.

SOQUIA's activities center around the acquisition of shares and the granting of shareholder loans to firms operating in Québec's agriculture and food production sector. SOQUIA shares are part of the public domain and are assigned to the Minister of Finance.

2. Accounting policies

SOQUIA's financial statements have been prepared by management in accordance with generally accepted accounting principles. These statements include amounts based on best estimates and judgment.

Investments

Subsidiaries

SOQUIA's holdings in wholly-owned subsidiaries, namely C.D.M.V. Inc., Usine de congélation de St-Bruno Inc., Centre d'insémination artificielle du Québec (C.I.A.Q.) Inc., Société québécoise des pêches and Centre d'insémination porcine du Québec (C.I.P.Q.) Inc. are shown at equity value.

The financial statements of these wholly-owned subsidiaries are not consolidated with those of SOQUIA. Management is of the opinion that presentation at equity value enables its sole shareholder to analyze separately the activities of the subsidiaries and those of SOQUIA.

The share in results of Centre d'insémination porcine du Québec (C.I.P.Q.) Inc. was established from unaudited interim financial statements.

Companies subject to significant influence

Since September 14, 1988, investments in companies subject to significant influence on financial and administrative matters are accounted for at equity value less any permanent loss in value. Before that date, these investments were recorded at cost.

The excess of the purchase price over the net value of the assets acquired is amortized over a 10-year period by the straight-line method. This amortization is included in "Share of operating results of companies subject to significant influence" in the statement of operations and retained earnings.

The share of operating results of the companies subject to significant influence has been established from the audited financial statements of the companies subject to significant influence and/or the unaudited interim financial statements.

Other investments

The other investments are shown at cost less any permanent loss in value.

Allowance for losses

The allowance for losses on shares is determined by valuing each holding at cost less any permanent loss in value. For loans, the allowance on principal and accrued interest is determined by evaluating the anticipated loss on each loan for which major collection problems are being encountered.

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990

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2. Accounting policies (cont'd)

Note receivable

The excess of the acquisition cost over the face value of the note receivable is amortized over the duration of the loan in accordance with the repayment terms.

Fixed assets

Fixed assets are shown at acquisition cost and depreciated by the following methods and rates:

	Method	Rate
Furniture and equipment	Diminishing balance	20%
Automotive equipment	Diminishing balance	25%
Data processing equipment	Diminishing balance	20%
Software	Straight-line	20%
Leasehold improvements	Term of the lease	-

Pension plan

The employer's contribution to the Government and Public Employees Retirement Plan (RREGOP) is assumed by the Gouvernement du Québec and is not shown in the statement of operations and retained earnings.

3. Investments

	1990	1989
Wholly-owned subsidiaries -- at equity value		
C.D.M.V. Inc.	$8 022 704	$9 921 353
Usine de congélation de St-Bruno Inc.	2 779 944	2 364 846
Centre d'insémination artificielle du Québec (C.I.A.Q.) Inc.	23 536 235	24 732 820
Société québécoise des pêches	3 887 966	4 836 791
Centre d'insémination porcine du Québec (C.I.P.Q.) Inc.	613 894	
	38 840 743	41 855 810
Investments in companies subject to significant influence -- at equity value *		
Shares and loans	33 146 714	30 815 516
Share in results	1 918 355	1 286 904
	35 065 069	32 102 420
Other investments		
Shares	1 210 609	1 643 185
Loans	963 180	2 497 818
	2 173 789	4 141 003
Less: Allowance for loss	114 724	1 061 324
Note receivable -- at unamortized cost **	40 598 997	
	42 658 062	3 079 679
	116 563 874	77 037 909
Instalments due within one year on loans and advances including those to subsidiaries and to companies subject to significant influence	1 099 883	1 347 083
	$115 463 991	$75 690 826

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990

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3. **Investments** (cont'd)

* The excess of the purchase price of shares acquired over their book value determined at September 14, 1988, and for subsequent acquisitions determined at the acquisition date, amounts to $1 708 125. This unamortized excess at March 31, 1990 is $1 517 132.

** This note, acquired from the Gouvernement du Québec, represents the balance on the selling price of shares in Raffinerie de sucre du Québec to Sucre Lantic Ltée. It is guaranteed by a junior mortgage and repayable in 20 consecutive quarterly instalments of $1 250 000 beginning December 1, 1993 and four quarterly instalments of $3 750 000 beginning December 1, 1998; this note bears interest at 8 1/2% payable quarterly.

4. **Summary financial data for wholly-owned subsidiaries**
(in thousands of dollars)

	C.D.M.V. Inc.	Usine de congélation de St-Bruno Inc.	Centre d'insémination artificielle du Québec (C.I.A.Q.) Inc.	Société québécoise des pêches	Centre d'insémination porcine du Québec (C.I.P.Q.) Inc.	Total	
						1990	1989
Balance sheet as at March 31							
Current assets	14 410	297	13 281	439	237	28 664	28 877
Investments	55	271	55	3 260		3 641	2 690
Fixed assets, at depreciated cost	3 038	2 920	15 295	9	382	21 644	18 475
Other assets			312	200		512	546
	17 503	3 488	28 943	3 908	619	54 461	50 588
Current liabilities							
To third parties	5 480	708	1 821	20	5	8 034	6 504
To SOQUIA	4 000	114	3 200			7 314	2 096
Long-term debt							
To third parties			386			386	372
To SOQUIA		779		809		1 588	1 161
Shareholder's equity, SOQUIA:							
Capital stock	1 750	1 064	6 024	2 650	599	12 087	11 483
Contributed surplus			800		800		
Retained earnings (Deficit)	6 273	823	17 512	(371)	15	24 252	28 967
	17 503	3 488	28 943	3 908	619	54 461	50 588

4. **Summary financial data for wholly-owned subsidiaries** (cont'd)

(in thousands of dollars)

	C.D.M.V. Inc.	Usine de congélation de St-Bruno Inc.	Centre d'insémination artificielle du Québec (C.I.A.Q.) Inc.	Société québécoise des pêches	Centre d'insémination porcine du Québec (C.I.P.Q.) Inc.	Total	
						1990	1989
Operating results and retained earnings for the year							
Sales	46 067	1 909	18 506	416	38	66 936	63 736
Gross profit (Loss)	6 225	211	18 506	416	(12)	25 346	24 917
Share and allowance for loss on investment		38		(1 763)		(1 725)	
Operating and administrative expenses less other revenue	4 123	325	15 503	212	(27)	20 136	17 891
Profit (Loss) before extraordinary item	2 102	(76)	3 003	(1 559)	15	3 485	7 026
Extraordinary item							973
Net profit (loss)	2 102	(76)	3 003	(1 559)	15	3 485	7 999
Opening retained earnings	8 171	899	18 709	1 188		28 967	22 965
	10 273	823	21 712	(371)	15	32 452	30 964
Dividends	4 000		4 200			8 200	1 997
Closing retained earnings (deficit)	6 273	823	17 512	(371)	15	24 252	28 967

5. **Fixed assets**

	1990			1989
	Cost	Accumulated depreciation	Net	Net
Furniture and equipment	$158 652	$125 821	$32 831	$28 224
Automotive equipment	31 610	1 318	30 292	18 020
Data processing equipment	64 853	7 463	57 390	7 997
Software	4 029	437	3 592	
Leasehold improvements	54 951	53 227	1 724	3 104
	$314 095	$188 266	$125 829	$57 345

NOTES TO FINANCIAL STATEMENTS (cont'd)
March 31, 1990

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6. Other assets

Buildings for sale -- at cost

On August 31, 1987, the Gouvernement du Québec assigned to the Société its right to repurchase land and buildings located at Mont-St-Hilaire for the nominal fee of $1. In addition, it mandated the Société to manage and implement a plan aimed at reusing these buildings for other industrial purposes. As the buildings are to be sold, the Société capitalizes to this project all attendant expenses incurred since September 28, 1987, the date of acquisition.

7. Long term-debt

	1990	1989
Banker's acceptance, 13,55%	$10 000 000	

This banker's acceptance was replaced in April 1990 by a bond issue, at 11,50%, maturing in April 1995.

8. Capital stock

	1990	1989
Authorized:		
850 000 shares of a par value of $100 each		
Issued and paid:		
558 000 shares	$55 800 000	$55 800 000

The remaining authorized but unsubscribed capital stock, amounting to $29 200 000, will be paid up as needed by the Société, in one or more instalments with the Government's prior approval.

9. Assets donated by the Gouvernement du Québec

	1990	1989
Assets donated by the Gouvernement du Québec and converted into investments in the subsidiaries	$9 639 091	$9 540 201
Claim by the Raffinerie de sucre du Québec donated by the Gouvernement du Québec and recorded at net realizable value	892 945	892 945
	$10 532 036	$10 433 146

10. Non arm's length transactions

During the year, SOQUIA carried on, in the regular course of business, transactions with some of its subsidiaries and companies subject to significant influence. These non arm's length transactions involve interest earnings of $101 747 with a subsidiary and of $697 911 with companies subject to significant influence, as well as management fees of $200 000 charged to a subsidiary.

11. Contingent liabilities

When Pêches Nordiques Inc. stock was disposed of on April 3, 1987, SOQUIA became guarantor to buyers and that company for all losses, damages, costs or expenditures deriving from lawsuits or claims filed prior to this date. As regards this guarantee, a supplier has filed a lawsuit of approximately $400 000 against the company in settlement of brokerage fees. A provision of $31 192 for possible losses has been recorded, an amount which the Société feels is sufficient to cover the claim.

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11. Contingent liabilities (cont'd)

Any amount that the Société could be called upon to pay from these claims, in excess of the provision, will be charged to operations for the then current year.

The Société is guarantor of bank loans and long-term borrowings of certain companies in which SOQUIA or one of its subsidiaries hold or held a share. At March 31, 1990, the balance of the bank loans and long-term borrowings of those companies, to which these guarantees applied, amounted to $4 354 000 (March 31, 1989: $504 000). A provision of $104 000 is provided as at March 31, 1990 concerning these guarantees.

12. Comparative figures

Certain figures for 1989 have been reclassified for consistency with the presentation adopted in 1990.

AUDITOR'S REPORT

I have examined the balance sheet of the Société québécoise d'intiatives agro-alimentaires- SOQUIA as at March 31, 1990 as well as the statement of operations and retained earnings and the statement of changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Société as at March 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The Auditor General of Québec,
Rhéal Chatelain, F.C.A.

Québec, May 31, 1990

SOCIÉTÉ QUÉBÉCOISE D'INITIATIVES PÉTROLIÈRES -- SOQUIP
R.S.Q., c. S-22

CONSOLIDATED STATEMENT OF INCOME
for the year ended March 31, 1990
(in thousands of dollars)

	1990	1989
REVENUES		
Natural gas (Note 3)	43 730	40 305
Royalties	(488)	(311)
	43 242	39 994
Equity in earnings of a company subject to significant influence (Note 5 (a))	9 169	12 687
Other	549	
	52 960	52 681
EXPENSES		
Natural gas (Note 3)	39 081	35 907
Overhead and administrative expenses	3 906	4 139
Net financial charges (Note 4)	2 198	3 468
Expenses related to development projects	1 083	855
Depreciation and depletion	1 843	1 817
	48 111	46 186
NET INCOME	4 849	6 495

CONSOLIDATED STATEMENT OF DEFICIT
for the year ended March 31, 1990
(in thousands of dollars)

	1990	1989
BALANCE AT BEGINNING OF YEAR	74 795	81 290
Net income	4 849	6 495
BALANCE AT END OF YEAR	69 946	74 795

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
for the year ended March 31, 1990
(in thousands of dollars)

	1990	1989
OPERATING ACTIVITIES		
Funds provided from operations (Note 10)	4 007	1 684
FINANCING ACTIVITIES		
Long-term debt	13 398	1 339
Reimbursement of long-term debt	(3 779)	(7 439)
Funds provided from (absorbed by) financing activities	9 619	(6 100)
INVESTING ACTIVITIES		
Additions to oil and gas properties	(350)	(41)
Additions to property, plant and equipment	(1 534)	(1 134)
Net proceeds from partial distribution of assets of a general partnership	252	3 805
Additions to other assets		(352)
Disposal of other assets		537
Additions to investments	(11 861)	
Funds (absorbed by) generated by investing activities	(13 493)	2 815
INCREASE (DECREASE) IN LIQUID ASSETS	133	(1 601)
LIQUID ASSETS AT BEGINNING	724	2 325
LIQUID ASSETS AT END	857	724

SOCIÉTÉ QUÉBÉCOISE D'INITIATIVES PÉTROLIÈRES -- SOQUIP

CONSOLIDATED BALANCE SHEET
as at March 31, 1990
(in thousands of dollars)

	1990	1989
ASSETS		
CURRENT ASSETS		
Cash	857	724
Accounts receivable (Note 3)	4 397	5 194
Inventory of drilling supplies -- at cost	189	179
	5 443	6 097
INVESTMENTS (Notes 5 and 11)	158 031	143 333
OIL AND GAS PROPERTIES (Note 6)	6 155	7 353
PLANT, PROPERTY AND EQUIPMENT (Notes 7 and 11)	10 350	9 071
OTHER ASSETS	327	367
	180 306	166 221
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued charges (Note 3)	6 022	6 405
Payment on long-term debt (Note 8)	100	2 046
	6 122	8 451
LONG-TERM DEBT (Note 8)	30 230	18 665
	36 352	27 116
SHAREHOLDER'S EQUITY		
Capital stock (Note 9)	213 900	213 900
Deficit	69 946	74 795
	143 954	139 105
	180 306	166 221

COMMITMENTS (Note 11)

CONTINGENCIES (Note 12)

On behalf of the Board,

Marc G. Fortier, Chairman of the Board
Yves Rheault, President and Chief Executive Officer

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 1990
(in thousands of dollars)

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1. Incorporation and objects

The objects of the Société québécoise d'initiatives pétrolières (SOQUIP), a company incorporated by special act (R.S.Q., chapter S-22), are to explore for, develop, produce, store, transport, purchase, import and sell hydrocarbons in liquid or gaseous form, directly or in partnership with other firms. In pursuing its objects, the Company must endeavor to be profitable.

2. Accounting policies

The financial statements of the Company have been prepared by management in accordance with generally accepted accounting principles. These statements include amounts based on best judgment and estimates.

Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries:

-- Exploration SOQUIP Inc. and its subsidiary, SOQUIP Atlantique Inc.;
-- Soligaz Inc. (administrative agent of the Soligaz consortium);
-- SOQUIP Alberta Inc.;*
-- Sundance Oil Company and its subsidiary, Sundance Oil Colorado Inc.;*
-- Sundance Oil Canada Ltd.*

* Companies not actively operated.

Investments

Investments in companies in which the Company has an interest in the voting shares enabling it to exercise a significant influence on the financial and administrative decisions of the company are accounted for by the equity method.

Other investments are carried at acquisition cost.

Oil and gas properties

The Company uses the full-cost method of accounting and the sole cost center is Canada.

In accordance with this method, the Company capitalizes all exploration and development costs to its oil and gas properties. These costs include land acquisition costs, geological and geophysical expenses, lease carrying charges on undeveloped properties and drilling costs, as well as overhead related to exploration and development.

Costs are identified with projects that have been evaluated and projects currently being evaluated. The accumulated costs relating to projects that have been evaluated are depleted according to the unit-of-production method based on estimated proven oil and gas reserves.

Oil and gas properties that have been evaluated are carried at their depreciated value or at the estimated value of proven oil and gas reserves, whichever is lower.

The accumulated costs relating to projects being evaluated, including large projects to which no proven reserves can be assigned, are excluded from the depletion calculation until proven reserves are established or the project is considered abandoned.

Incentive payments under the Petroleum Incentives Program are applied against the cost of oil and gas properties.

2. Accounting policies (cont'd)

Property, plant and equipment

Property, plant and equipment are accounted for at acquisition cost. Depreciation is calculated according to the following methods and rates:

	Method	Rate
Gas processing plants and equipment	Declining-balance	5% to 10%
Pipeline	Declining-balance	6%
Warehouses	Declining-balance	5%
Furniture and equipment	Declining-balance	20%
Mobile equipment	Declining-balance	5% to 30%
Computer hardware	Declining-balance	30%
Leasehold improvements	Straight-line	Term of the lease

Other assets

This item includes mainly the cost of gas transmission permits and goodwill, which are depreciated according to the straight-line method over a 10-year period.

Joint venture activities

The Company frequently conducts its activities through joint ventures. Only the Company's share of joint venture activities is reflected in the financial statements.

Foreign exchange

Long-term debt denominated in foreign currencies is translated into Canadian dollars at the rate of exchange at the balance sheet date. Exchange gains and losses are allocated to operations for the year.

Pension costs

Annual pension costs include the following items:

- cost of the retirement benefits provided in exchange for services rendered during the year, calculated according to the actuarial cost method, prorated on the service life of the employee group, more of less;
- amortization for the year of the actuarial deficit or surplus over the expected average remaining service life on a straight-line basis.

Beginning this year, the cumulative variance between amounts recorded as pension costs and contributions paid is shown on the balance sheet as accrued charges.

3. Related-party transactions

During the year, the Company sold natural gas for an amount of $36 609 650 (1989: $32 608 000) to Gaz Métropolitain, Inc., a wholly-owned subsidiary of Noverco Inc. The account receivable on these sales is $3 279 100 as at March 31, 1990 (1989: $3 045 000). However, the Company purchased natural gas for an amount of $1 960 600 (1989: $2 689 000) from Gaz Métropolitain, Inc. The account payable on these purchases is $32 700 as at March 31, 1990 (1989: $244 000).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (cont'd)
March 31, 1990
(in thousands of dollars)

4. Net financial charges

	1990	1989
Interest and other charges on long-term debt	2 331	3 606
Foreign exchange gain	(29)	(78)
Other interest income	(104)	(60)
	2 198	3 468

5. Investments

	Interest %			
	1990	1989	1990	1989
Equity method				
Noverco Inc. (a) 8 000 000 common shares, without par value (market value $100 000 000; 1989: $92 000 000)	15,17	15,26	95 623	92 534
PAREX, a general partnership (b)	33,33	33,33	10 547	10 799
At cost				
Sceptre Resources Limited 10 824 000 common shares (1989: 8 000 000) without par value (market value $43 837 200; 1989: $33 600 000)	11,56	11,55	51 861	40 000
			158 031	143 333

(a) Noverco's financial year ends on September 30, 1989. Equity in the earnings of this satellite company in the amount of $9 169 000 (1989: $12 687 000) was established on the basis of audited financial statements as at this date and unaudited financial statements for the period to March 31, 1990. Dividends received during the year were $6 080 000 (1989: $6 080 000).

(b) This general partnership was formed by a wholly-owned subsidiary of SOQUIP and two other partners to carry out exploration activities off the coasts of Nova Scotia and Newfoundland. Recovery of the investment depends on the success of the future activities of Parex, which is now in the exploration stage.

SOQUIP's share of the assets, liabilities and equity of the partnership, excluding management fees capitalized to investments, is as follows:

	1990	1989
Assets	10 125	10 268
Liabilities	82	175
SOQUIP's equity	10 043	10 093

The above figures are taken from PAREX's unaudited financial statements as at March 31, 1990. PAREX's latest audited financial statements cover the year ended December 31, 1989.

6. Oil and gas properties

	1990	1989
Evaluation completed - at cost less write-off	20 096	20 076
Evaluation in process	1 231	1 384
	21 327	21 460
Accumulated depletion	15 172	14 107
	6 155	7 353

Depletion for the year was $1 065 000 (1989: $995 000).

7. Property, plant and equipment

	1990			1989
	Cost	Accumulated Depreciation	Net	Net
Gas processing plants and equipment	5 662	1 866	3 796	3 844
Pipeline	1 172	412	760	809
Mobile equipment	5 306	1 651	3 655	3 801
Underground reservoir	1 630		1 630 *	
Furniture, equipment, computer hardware, leasehold improvements, warehouses and properties	1 676	1 167	509	617
	15 446	5 096	10 350	9 071

* The underground reservoir, which is owned jointly, has not been depreciated because activities related to its use have not begun.

Depreciation for the year was $738 000 (1989: $807 000).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (cont'd)
March 31, 1990
(in thousands of dollars)

8. Long-term debt

	1990	1989
SOQUIP		
Non-interest-bearing notes repayable in annual instalments of $100 000, the last one due on December 1, 1992	300	400
Obligations under capital leases		1 246
Accounts payable and accrued charges	1 031 *	
Exploration SOQUIP Inc.		
Revolving credit for an authorized amount of $2 300 000, renewable on March 31, 1992, bearing interest at the prime rate or at the cost of the funds to the lender plus 1/2%, with no terms of repayment	2 274	2 895
SOQUIP Alberta Inc.		
Revolving credit renewable on April 1, 1992, bearing interest at the prime rate or at the cost of the funds to the lender plus 1/2%, with no terms of repayment	12 849 **	2 800
Other debt with no fixed term, including US $1 570 000 translated into CDN $1 725 000	13 876	13 370
	30 330	20 711
Payments due within one year	100	2 046
	30 230	18 665

* Accounts payable and accrued charges relate to the underground reservoir being developed. This debt is considered long-term, given that payment will be made from new long-term debt financing.

** The authorized line of credit is $30 000 000 and the bank loan arising therefrom is guaranteed by the pledge of all the shares of Sceptre Resources Limited.

9. Capital stock

	1990	1989
Authorized		
5 100 000 shares with a par value of $50 each		
Issued and subscribed		
4 278 000 shares	213 900	213 900

The capital stock of the Company is held by the Gouvernement du Québec.

10. Funds provided from operations

	1990	1989
Net income	4 849	6 495
Items not affecting liquid assets:		
Depreciation and depletion	1 843	1 817
Equity in earnings of a company subject to significant influence, less dividends received	(3 089)	(6 607)
Other items		858
	3 603	2 563
Variation in asset and liability items related to operations	404	(879)
	4 007	1 684

11. Commitments

(a) The Company has agreed with The Canam Manac Group Inc. and the Caisse de dépôt et placement du Québec on the advisability of entering into agreements to accommodate their interests in the holding of shares of Noverco Inc.

Subject to regulatory approval, the Company was authorized on April 25, 1990 by its shareholder to enter into such an agreement and to contract the required loans related thereto. Completion of the transaction would increase the Company's interest in Noverco Inc. The financial impact of the agreement to be entered into had not been determined on the date of preparation of the financial statements.

(b) The Company has guaranteed, with one of its partners, the payment of certain costs to be incurred for a market development project. The Company's share of this conditional commitment is a maximum of $890 000.

(c) The Company has guaranteed to the partners in the Soligaz consortium reimbursement, on certain conditions, of the cost of studies to be undertaken for the project. Pursuant to this undertaking, the Company may disburse a maximum of $5 000 000.

(d) The Company has entered into an agreement with a partner to develop an underground reservoir. The total cost of the project is estimated at $12 000 000. On the basis of this estimate, the Company's share of future project expenses is $4 820 000 as at March 31, 1990.

(e) Pursuant to long-term leases expiring at various dates to October 31, 1993, the Company has made commitments for office space. These leases include a five-year renewal option.

The rental expense for the year was $386 000. Minimum future payments are as follows:

1991	637
1992	320
1993	93
1994	54
	1 104

12. Contingencies

(a) Pursuant to the partnership agreement constituting PAREX in September 1983, the SOQUIP subsidiary Exploration SOQUIP Inc. is, with its partners, jointly and severally responsible for the obligations of the partnership.

An action in the amount of $544 000 has been taken against the Company relative to the payment of its share of drilling expenses for one well. In the opinion of Company management and legal counsel, no significant liabilities can arise from this action. Accordingly, no provision has been made in the consolidated financial statements for an eventual loss regarding this claim.

The amount that may arise from the resolution of this contingency would be capitalized to investments.

(b) As a result of the disposal of assets to Sceptre Resources Limited on October 1, 1987, SOQUIP Alberta Inc. obtained the right to acquire at no cost a maximum of 5 000 000 additional common shares of Sceptre as a function of the return on the properties sold, over a five-year period that began on January 1, 1988. This eventual consideration will be accounted for as a gain when the shares are issued by Sceptre.

13. Pension plan

The Company has a contributory final-pay defined-benefit pension plan. The plan is fully capitalized, and the assets of the pension fund are shown at values based on market.

Pension plan status as at December 31, 1989

Pension fund assets	1 976
Present value of accumulated pension benefits *	1 650
Actuarial surplus	326

Pension costs for the year were $72 600.

* Based on an actuarial estimate established from the actuarial valuation dated December 31, 1987, which was $2 088 000.

AUDITOR'S REPORT

I have examined the consolidated balance sheet of the Société québécoise d'initiatives pétrolières--SOQUIP as at March 31, 1990 and the consolidated statements of income, deficit and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these consolidated financial statements present fairly the financial position of the Company as at March 31, 1990, as well as the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

On behalf of the Auditor General of Québec,

Guy Breton, F.C.A.
Assistant Auditor General

Québec City, May 25, 1990